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LEGISLATIVE HISTORY

Public Law 85-536
H. R. 7963

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INDEX AND SUMMARY OF H. R. 7963

June 6, 1957 Rep. Spence introduced H. R. 7963 which was referred to the Committee on Banking and Currency. Print of bill as introduced.

June 11, 1957 House committee ordered H. R. 7963 reported.

June 13, 1957 House committee reported H. R. 7963 without amendment. H. Report No. 555. Print of bill and report.

June 17, 1957 Digest of H. R. 7963 as reported.

June 20, 1957 Rules Committee reported resolution for consideration of H. R. 7963.

June 25, 1957 House passed H. R. 7963 with amendment.

June 26, 1957 H. R. 7963 was referred to the Senate Banking and Currency Committee. Print of bill as referred.

July 3, 1957 Senate committee ordered H. R. 7963 reported.

June 13, 1958 Senate committee ordered H. R. 7963 reported.

June 16, 1958 Senate committee reported H. R. 7963 with amendments. S. Report No. 1714. Print of bill and report.

June 23, 1958 Senate passed over H. R. 7963.

June 30, 1958 H. R. 7963 made Senate's pending business.

July 1, 1958 Senate passed H. R. 7963 with amendments. Senate conferees were appointed.

July 2, 1958 House conferees were appointed.

July 9, 1958 House received conference report. H. Report No. 2135. Print of report.

July 10, 1958 House agreed to conference report.

July 11, 1958 Senate agreed to conference report.

July 18, 1958 Approved: Public Law 85-536.

DIGEST OF PUBLIC LAW 85-536

SMALL BUSINESS ACT AMENDMENTS. Rewrites the Small Business Act of 1953 to include various amendments. Provides that the Small Business Administration shall be a permanent agency. Provides that a fair proportion of the total purchases and contracts for property and services for the Government shall be placed with small-business enterprises, and that a fair proportion of the total sales of Government property shall be made to such enterprises. Authorizes not to exceed \$650,000,000 for a revolving fund to carry out the provisions of the Act, of which not to exceed \$125,000,000 shall be available for disaster loans because of floods or other catastrophes, or to small-business concerns located in areas affected by a drought or excessive rainfall, provided the President determines that such drought or excessive rainfall is a major disaster, or the Secretary of Agriculture has found that such drought or excessive rainfall constitutes a production or economic disaster in a particular area. Provides that the President may transfer to the Small Business Administration any functions, powers, and duties of any department or agency which relate primarily to small-business problems.

85TH CONGRESS
1ST SESSION

H. R. 7963

IN THE HOUSE OF REPRESENTATIVES

JUNE 6, 1957

Mr. SPENCE introduced the following bill; which was referred to the Committee on Banking and Currency

A BILL

To amend the Small Business Act of 1953, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That title II of the Act of July 30, 1953 (Public Law 163,
4 Eighty-third Congress), as amended, is hereby withdrawn
5 as a part of that Act and is made a separate Act to be known
6 as the "Small Business Act".

7 SEC. 2. The Small Business Act is amended to read
8 as follows:

9 "SEC. 1. This Act may be cited as the 'Small Business
10 Act'.

11 "SEC. 2. (a) The essence of the American economic

1 system of private enterprise is free competition. Only
2 through full and free competition can free markets, free entry
3 into business, and opportunities for the expression and
4 growth of personal initiative and individual judgment be
5 assured. The preservation and expansion of such competi-
6 tion is basic not only to the economic well-being but to the
7 security of this Nation. Such security and well-being can-
8 not be realized unless the actual and potential capacity of
9 small business is encouraged and developed. It is the de-
10 clared policy of the Congress that the Government should
11 aid, counsel, assist, and protect, insofar as is possible, the
12 interests of small-business concerns in order to preserve free
13 competitive enterprise, to insure that a fair proportion of
14 the total purchases and contracts for property and services
15 for the Government (including but not limited to contracts
16 for maintenance, repair, and construction) be placed with
17 small-business enterprises, and to maintain and strengthen
18 the overall economy of the Nation.

19 “(b) Further, it is the declared policy of the Congress
20 that the Government should aid and assist victims of floods
21 and other catastrophes.

22 “SEC. 3. (a) For the purposes of this Act, a small-business
23 concern shall be deemed to be one which is independently
24 owned and operated and which is not dominant in its
25 field of operation. In addition to the foregoing criteria

the Administrator, in making a detailed definition, may use these criteria, among others: Number of employees and dollar volume of business. Where the number of employees is used as one of the criteria in making such definition for any of the purposes of this Act, the maximum number of employees which a small-business concern may have under the definition shall vary from industry to industry to the extent necessary to reflect differing characteristics of such industries and to take proper account of other relevant factors.

“(b) The Administrator shall without delay establish a new definition, in compliance with subsection (a) ; and if such new definition has not been established and placed in effect for all the purposes of this Act within thirty days after the date of the enactment of this subsection, the definition which was in use by the Administrator for financial assistance purposes immediately prior to the date of the enactment of this subsection shall be in effect for all the purposes of this Act from the end of such thirty-day period until such time as the Administrator establishes and places in effect such new definition. Nothing in this subsection shall affect any small-business certificate issued under this Act before the enactment of this subsection, or restrict the authority of the Administrator to issue such certificates under section 8 (b) (6) .

“SEC. 4. (a) In order to carry out the policies of this

1 Act there is hereby created an agency under the name
2 'Small Business Administration' (herein referred to as the
3 Administration), which Administration shall be under the
4 general direction and supervision of the President and shall
5 not be affiliated with or be within any other agency or de-
6 partment of the Federal Government. The principal office
7 of the Administration shall be located in the District of
8 Columbia. The Administration may establish such branch
9 and regional offices in other places in the United States as
10 may be determined by the Administrator of the Administra-
11 tion. As used in this Act, the term 'United States' includes
12 the several States, the Territories and possessions of the
13 United States, the Commonwealth of Puerto Rico, and the
14 District of Columbia.

15 " (b) The management of the Administration shall be
16 vested in an Administrator who shall be appointed from
17 civilian life by the President, by and with the advice and
18 consent of the Senate, and who shall be a person of out-
19 standing qualifications known to be familiar and sympathetic
20 with small-business needs and problems. The Administra-
21 tor shall not engage in any other business, vocation, or
22 employment than that of serving as Administrator. The
23 Administrator is authorized to appoint three Deputy Admin-
24 istrators to assist in the execution of the functions vested in
25 the Administration.

1 “(c) The Administration is authorized to obtain money
2 from the Treasury of the United States for use in the per-
3 formance of the powers and duties granted to or imposed
4 upon it by law, not to exceed a total of \$650,000,000 out-
5 standing at any one time. For this purpose appropriations
6 not to exceed \$650,000,000 are hereby authorized to be
7 made to a revolving fund in the Treasury. Advances shall
8 be made to the Administration from the revolving fund when
9 requested by the Administration. This revolving fund shall
10 be used for the purposes enumerated subsequently in sec-
11 tions 7 (a), 7 (b), and 8 (a). Not to exceed an aggregate
12 of \$500,000,000 shall be outstanding at any one time for the
13 purposes enumerated in section 7 (a). Not to exceed
14 an aggregate of \$125,000,000 shall be outstanding at any
15 one time for the purposes enumerated in section 7 (b).
16 Not to exceed an aggregate of \$25,000,000 shall be out-
17 standing at any one time for the purposes enumerated in
18 section 8 (a). The Administration shall pay into miscel-
19 laneous receipts of the Treasury, at the close of each fiscal
20 year, interest on the net amount of the cash disbursements
21 from such advances at a rate determined by the Secretary
22 of the Treasury, taking into consideration the current average
23 rate on outstanding interest-bearing marketable public debt
24 obligations of the United States of comparable maturities.

25 “(d) There is hereby established a National Small Busi-

1 ness Advisory Board, which shall advise and consult with the
2 Administration in carrying out the purposes of this Act. The
3 Board shall consist of the Administrator, as chairman, the
4 Secretary of the Treasury, the Secretary of Commerce, and
5 not less than two nor more than six other individuals ap-
6 pointed by the Administrator who are familiar with small-
7 business needs and problems and are truly representative of
8 small-business interests. The Secretary of the Treasury and
9 the Secretary of Commerce may each designate an officer
10 from his Department, who has been appointed by the Presi-
11 dent by and with the advice and consent of the Senate, to act
12 in his stead as a member of the Board.

13 “SEC. 5. (a) The Administration shall have power
14 to adopt, alter, and use a seal, which shall be judicially
15 noticed. The Administrator is authorized, subject to the
16 civil-service and classification laws, to select, employ, ap-
17 point, and fix the compensation of such officers, employees,
18 attorneys, and agents as shall be necessary to carry out the
19 provisions of this Act; to define their authority and duties;
20 to provide bonds for them in such amounts as the Adminis-
21 trator shall determine; and to pay the costs of qualification of
22 certain of them as notaries public. The Administration,
23 with the consent of any board, commission, independent
24 establishment, or executive department of the Government,
25 may avail itself on a reimbursable or nonreimbursable basis

of the use of information, services, facilities (including any field service thereof), officers, and employees thereof, in carrying out the provisions of this Act. Subject to the standards and procedures under section 505 of the Classification Act of 1949, as amended, not to exceed fifteen positions in the Administration may be placed in grades 16, 17, and 18 of the General Schedule established by that Act, and any such positions shall be additional to the number authorized by such section.

“(b) In the performance of, and with respect to, the functions, powers, and duties vested in him by this Act the Administrator may—

“(1) sue and be sued in any court of record of a State having general jurisdiction, or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Administrator or his property;

“(2) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as the Administrator shall determine to be reasonable; any evidence

1 of debt, contract, claim, personal property, or security
2 assigned to or held by him in connection with the pay-
3 ment of loans granted under this Act, and to collect
4 or compromise all obligations assigned to or held by him
5 and all legal or equitable rights accruing to him in
6 connection with the payment of such loans until such
7 time as such obligations may be referred to the Attorney
8 General for suit or collection;

9 “(3) deal with, complete, renovate, improve, mod-
10 ernize, insure, or rent, or sell for cash or credit upon
11 such terms and conditions and for such consideration as
12 the Administrator shall determine to be reasonable, any
13 real property conveyed to or otherwise acquired by him
14 in connection with the payment of loans granted under
15 this Act;

16 “(4) pursue to final collection, by way of com-
17 promise or otherwise, all claims against third parties
18 assigned to the Administrator in connection with loans
19 made by him. This shall include authority to obtain de-
20 ficiency judgments or otherwise in the case of mortgages
21 assigned to the Administrator. Section 3709 of the Re-
22 vised Statutes, as amended (41 U. S. C., sec. 5), shall
23 not be construed to apply to any contract of hazard in-
24 surance or to any purchase or contract for services or
25 supplies on account of property obtained by the Ad-

1 administrator as a result of loans made under this Act
2 if the premium therefor or the amount thereof does not
3 exceed \$1,000. The power to convey and to execute
4 in the name of the Administrator deeds of conveyance,
5 deeds of release, assignments and satisfactions of mort-
6 gages, and any other written instrument relating to
7 real property or any interest therein acquired by the
8 Administrator pursuant to the provisions of this Act may
9 be exercised by the Administrator or by any officer or
10 agent appointed by him without the execution of any
11 express delegation of power or power of attorney.
12 Nothing in this section shall be construed to prevent
13 the Administrator from delegating such power by order
14 or by power of attorney, in his discretion, to any officer
15 or agent he may appoint;

16 “(5) acquire, in any lawful manner, any property
17 (real, personal, or mixed, tangible or intangible), when-
18 ever deemed necessary or appropriate to the conduct of
19 the activities authorized in sections 7 (a) and 7 (b) ;

20 “(6) make such rules and regulations as he deems
21 necessary to carry out the authority vested in him by
22 or pursuant to this Act;

23 “(7) in addition to any powers, functions, privi-
24 leges, and immunities otherwise vested in him, take

1 any and all actions, including the procurement of the
2 services of attorneys by contract, determined by him
3 to be necessary or desirable in making, servicing, com-
4 promising, modifying, liquidating, or otherwise dealing
5 with or realizing on loans made under the provisions of
6 this Act; but no attorneys' services shall be procured
7 by contract in any office where an attorney or attorneys
8 are or can be economically employed full time to render
9 such services;

10 “(8) pay the transportation expenses and per diem
11 in lieu of subsistence expenses, in accordance with the
12 Travel Expense Act of 1949, for travel of any person
13 employed by the Administration to render temporary
14 services not in excess of six months in connection with
15 any disaster referred to in section 7 (b) from place of
16 appointment to, and while at, the disaster area and any
17 other temporary posts of duty and return upon comple-
18 tion of the assignment; and

19 “(9) to accept the services and facilities of Federal,
20 State, and local agencies and groups, both public and
21 private, and utilize such gratuitous services and facilities
22 as may, from time to time, be necessary, to further the
23 objectives of section 7 (b).

24 “(c) To such extent as he finds necessary to carry out

1 the provisions of this Act, the Administrator is author-
2 ized to procure the temporary (not in excess of six
3 months) services of experts or consultants or organizations
4 thereof, including stenographic reporting services, by con-
5 tract or appointment, and in such cases such services shall
6 be without regard to the civil-service and classification laws
7 and, except in the case of stenographic reporting services by
8 organizations, without regard to section 3709 of the Revised
9 Statutes, as amended (41 U. S. C., sec. 5). Any individual
10 so employed may be compensated at a rate not in excess of
11 \$50 per diem, and, while such individual is away from his
12 home or regular place of business, he may be allowed trans-
13 portation and not to exceed \$15 per diem in lieu of subsist-
14 ence and other expenses.

15 “SEC. 6. (a) All moneys of the Administration not
16 otherwise employed may be deposited with the Treasury of
17 the United States subject to check by authority of the Ad-
18 ministration. The Federal Reserve banks are authorized
19 and directed to act as depositaries, custodians, and fiscal
20 agents for the Administration in the general performance of
21 its powers conferred by this Act. Any banks insured by the
22 Federal Deposit Insurance Corporation, when designated by
23 the Secretary of the Treasury, shall act as custodians and
24 financial agents for the Administration. Each Federal Re-

1 serve bank, when designated by the Administrator as fiscal
2 agent for the Administration, shall be entitled to be reim-
3 bursed for all expenses incurred as such fiscal agent.

4 “(b) The Administrator shall contribute to the em-
5 ployees’ compensation fund, on the basis of annual billings
6 as determined by the Secretary of Labor, for the benefit pay-
7 ments made from such fund on account of employees engaged
8 in carrying out functions financed by the revolving fund es-
9 tablished by section 4 (c) of this Act. The annual billings
10 shall also include a statement of the fair portion of the cost
11 of the administration of such fund, which shall be paid by
12 the Administrator into the Treasury as miscellaneous receipts.

13 “SEC. 7. (a) The Administration is empowered to
14 make loans to enable small-business concerns to finance
15 plant construction, conversion, or expansion, including the
16 acquisition of land; or to finance the acquisition of equip-
17 ment, facilities, machinery, supplies, or materials; or to
18 supply such concerns with working capital to be used in
19 the manufacture of articles, equipment, supplies, or mate-
20 rials for war, defense, or civilian production or as may be
21 necessary to insure a well-balanced national economy; and
22 such loans may be made or effected either directly or in
23 cooperation with banks or other lending institutions through
24 agreements to participate on an immediate or deferred

1 basis. The foregoing powers shall be subject, however,
2 to the following restrictions and limitations:

3 “(1) No financial assistance shall be extended
4 pursuant to this subsection unless the financial assistance
5 applied for is not otherwise available on reasonable
6 terms.

7 “(2) No immediate participation may be pur-
8 chased unless it is shown that a deferred participation
9 is not available; and no loan may be made unless it is
10 shown that a participation is not available.

11 “(3) In agreements to participate in loans on a
12 deferred basis under this subsection, such participation
13 by the Administration shall not be in excess of 90 per
14 centum of the balance of the loan outstanding at the
15 time of disbursement.

16 “(4) Except as provided in paragraph (5), (A)
17 no loan under this subsection shall be made if the total
18 amount outstanding and committed (by participation or
19 otherwise) to the borrower from the revolving fund
20 established by this Act would exceed \$250,000; (B)
21 the rate of interest for the Administration’s share of
22 any such loan shall be no more than 5 per centum per
23 annum, and shall not be more than the rate prevailing
24 within the Federal Reserve district where the money

1 loaned is to be used if such prevailing rate is lower
2 than 5 per centum per annum; and (C) no such loan,
3 including renewals or extensions thereof, may be made
4 for a period or periods exceeding ten years except that
5 a loan made for the purpose of constructing facilities
6 may have a maturity of ten years plus such additional
7 period as is estimated may be required to complete
8 such construction.

9 “(5) In the case of any loan made under this
10 subsection to a corporation formed and capitalized by
11 a group of small-business concerns with resources pro-
12 vided by them for the purpose of obtaining for the use
13 of such concerns raw materials, equipment, inventories,
14 or supplies, or for establishing facilities for such purpose,
15 (A) the limitation of \$250,000 prescribed in paragraph
16 (4) shall not apply, but the limit of such loan shall be
17 \$250,000 multiplied by the number of separate small
18 businesses which formed and capitalized such corpora-
19 tion; (B) the rate of interest for the Administration’s
20 share of such loan shall be no less than 3 nor more
21 than 5 per centum per annum; and (C) such loan,
22 including renewals and extensions thereof, may not
23 be made for a period or periods exceeding ten years
24 except that if such loan is made for the purpose of con-
25 structing facilities it may have a maturity of twenty

1 years plus such additional time as is required to com-
2 plete such construction.

3 “(6) The Administrator is authorized to consult
4 with representatives of small-business concerns with a
5 view to encouraging the formation by such concerns of
6 the corporation referred to in paragraph (5). No act or
7 omission to act, if requested by the Administrator pur-
8 suant to this paragraph, and if found and approved by
9 the Administration as contributing to the needs of small
10 business, shall be construed to be within the prohibitions
11 of the antitrust laws or the Federal Trade Commission
12 Act of the United States. A copy of the statement of
13 any such finding and approval intended to be within
14 the coverage of this section, and any modification or
15 withdrawal thereof, shall be furnished to the Attorney
16 General and the Chairman of the Federal Trade Commis-
17 sion when made, and it shall be published in the Federal
18 Register. The authority granted in this paragraph
19 shall be exercised only (A) by the Administrator,
20 (B) upon the condition that the Administrator consult
21 with the Attorney General and with the Chairman of
22 the Federal Trade Commission, and (C) upon the
23 condition that the Administrator obtain the approval of
24 the Attorney General before exercising such authority.
25 Upon withdrawal of any request or finding hereunder

1 or upon withdrawal by the Attorney General of his
2 approval granted under the preceding sentence, the pro-
3 visions of this paragraph shall not apply to any subse-
4 quent act or omission to act by reason of such finding or
5 request.

6 “(7) All loans made under this subsection shall
7 be of such sound value or so secured as reasonably to
8 assure repayment.

9 “(b) The Administration also is empowered—

10 “(1) to make such loans (either directly or in co-
11 operation with banks or other lending institutions
12 through agreements to participate on an immediate or
13 deferred basis) as the Administration may determine to
14 be necessary or appropriate because of floods or other
15 catastrophes; and

16 “(2) to make such loans (either directly or in co-
17 operation with banks or other lending institutions
18 through agreements to participate on an immediate or
19 deferred basis) as the Administration may determine to
20 be necessary or appropriate to any small-business con-
21 cern located in an area affected by a drought, if the Ad-
22 ministration determines that the small-business concern
23 has suffered a substantial economic injury as a result of
24 such drought and the President has determined under the
25 Act entitled ‘An Act to authorize Federal assistance to

1 States and local governments in major disasters, and for
2 other purposes', approved September 30, 1950, as
3 amended (42 U. S. C., secs. 1855-1855g), that such
4 drought is a major disaster, or the Secretary of Agri-
5 culture has found under the Act entitled 'An Act to
6 abolish the Regional Agricultural Credit Corporation of
7 Washington, District of Columbia, and transfer its func-
8 tions to the Secretary of Agriculture, to authorize the
9 Secretary of Agriculture to make disaster loans, and for
10 other purposes', approved April 6, 1949, as amended
11 (12 U. S. C., secs. 1148a-1-1148a-3), that such
12 drought constitutes a production or economic disaster in
13 such area.

14 No loan under this subsection, including renewals and ex-
15 tensions thereof, may be made for a period or periods exceed-
16 ing twenty years. The interest rate on the Administration's
17 share of any loan made under this subsection shall not
18 exceed 3 per centum per annum. In agreements to partici-
19 pate in loans on a deferred basis under this subsection, such
20 participation by the Administration shall not be in excess
21 of 90 per centum of the balance of the loan outstanding at
22 the time of disbursement.

23 " (c) The Administration may further extend the matu-
24 rity of or renew any loan made pursuant to this section,

1 or any loan transferred to the Administration pursuant to
2 Reorganization Plan Numbered 2 of 1954, for additional
3 periods not to exceed ten years beyond the period stated
4 therein, if such extension or renewal will aid in the orderly
5 liquidation of such loan.

6 "SEC. 8. (a) It shall be the duty of the Administration
7 and it is hereby empowered, whenever it determines such
8 action is necessary—

9 "(1) to enter into contracts with the United
10 States Government and any department, agency, or
11 officer thereof having procurement powers obligating the
12 Administration to furnish articles, equipment, supplies,
13 or materials to the Government. In any case in which
14 the Administration certifies to any officer of the Govern-
15 ment having procurement powers that the Administra-
16 tion is competent to perform any specific Government
17 procurement contract to be let by any such officer, such
18 officer shall be authorized in his discretion to let such
19 procurement contract to the Administration upon such
20 terms and conditions as may be agreed upon between the
21 Administration and the procurement officer; and

22 "(2) to arrange for the performance of such con-
23 tracts by negotiating or otherwise letting subcontracts to
24 small-business concerns or others for the manufacture,
25 supply, or assembly of such articles, equipment, supplies,

13 for materials, or parts thereof, or servicing or processing
12 in connection therewith, or such management services
11 as may be necessary to enable the Administration to
10 perform such contracts.

9 “(b) It shall also be the duty of the Administration
8 and it is hereby empowered, whenever it determines such
7 action is necessary—

6 “(1) to provide technical and managerial aids to
5 small-business concerns, by advising and counseling on
4 matters in connection with Government procurement
3 and on policies, principles, and practices of good man-
2 agement, including but not limited to cost accounting,
1 methods of financing, business insurance, accident con-
trol, wage incentives, and methods engineering, by co-
operating and advising with voluntary business, profes-
sional, educational, and other nonprofit organizations,
associations, and institutions and with other Federal
and State agencies, by maintaining a clearinghouse for
information concerning the managing, financing, and
operation of small-business enterprises, by disseminating
such information, and by such other activities as are
deemed appropriate by the Administration;

23 “(2) to make a complete inventory of all produc-
24 tive facilities of small-business concerns or to arrange
25 for such inventory to be made by any other govern-

1 mental agency which has the facilities. In making any
2 such inventory, the appropriate agencies in the several
3 States may be requested to furnish an inventory of the
4 productive facilities of small-business concerns in each
5 respective State if such an inventory is available or in
6 prospect;

7 “(3) to coordinate and to ascertain the means by
8 which the productive capacity of small-business concerns
9 can be most effectively utilized;

10 “(4) to consult and cooperate with officers of the
11 Government having procurement powers, in order to
12 utilize the potential productive capacity of plants op-
13 erated by small-business concerns;

14 “(5) to obtain information as to methods and prac-
15 tices which Government prime contractors utilize in
16 letting subcontracts and to take action to encourage the
17 letting of subcontracts by prime contractors to small-
18 business concerns at prices and on conditions and terms
19 which are fair and equitable;

20 “(6) to determine within any industry the con-
21 cerns, firms, persons, corporations, partnerships, coop-
22 eratives, or other business enterprises which are to be
23 designated ‘small-business concerns’ for the purpose of
24 effectuating the provisions of this Act. To carry out
25 this purpose the Administrator, when requested to do so,

1 shall issue in response to each such request an appro-
2 priate certificate certifying an individual concern as a
3 'small-business concern' in accordance with the criteria
4 expressed in this Act. Any such certificate shall be
5 subject to revocation when the concern covered thereby
6 ceases to be a 'small-business concern'. Offices of the
7 Government having procurement or lending powers, or
8 engaging in the disposal of Federal property or allo-
9 cating materials or supplies, or promulgating regula-
10 tions affecting the distribution of materials or supplies,
11 shall accept as conclusive the Administration's deter-
12 mination as to which enterprises are to be designated
13 'small-business concerns', as authorized and directed
14 under this paragraph;

15 " (7) to certify to Government procurement officers
16 with respect to the competency, as to capacity and
17 credit, of any small-business concern or group of such
18 concerns to perform a specific Government procurement
19 contract. In any case in which a small-business con-
20 cern or group of such concerns has been certified by or
21 under the authority of the Administration to be a com-
22 petent Government contractor with respect to capacity
23 and credit as to a specific Government procurement
24 contract, the officers of the Government having procure-
25 ment powers are directed to accept such certification

1 as conclusive, and are authorized to let such Govern-
2 ment procurement contract to such concern or group of
3 concerns without requiring it to meet any other require-
4 ment with respect to capacity and credit;

5 “ (8) to obtain from any Federal department, estab-
6 lishment, or agency engaged in procurement or in the
7 financing of procurement or production such reports
8 concerning the letting of contracts and subcontracts and
9 the making of loans to business concerns as it may deem
10 pertinent in carrying out its functions under this Act;

11 “ (9) to obtain from suppliers of materials informa-
12 tion pertaining to the method of filling orders and the
13 bases for allocating their supply, whenever it appears
14 that any small business is unable to obtain materials
15 from its normal sources;

16 “ (10) to make studies and recommendations to the
17 appropriate Federal agencies to insure that a fair pro-
18 portion of the total purchases and contracts for property
19 and services for the Government be placed with small-
20 business enterprises, to insure that a fair proportion of
21 Government contracts for research and development be
22 placed with small-business concerns, and to insure a
23 fair and equitable share of materials, supplies, and equip-
24 ment to small-business concerns.

25 “ (11) to consult and cooperate with all Government

1 agencies for the purpose of insuring that small-business
2 concerns shall receive fair and reasonable treatment
3 from such agencies; and

4 “(12) to establish such small business advisory
5 boards and committees truly representative of small
6 business as may be necessary to achieve the purposes
7 of this Act, in addition to the National Small Business
8 Advisory Board established by section 4 (d).

9 “(c) The Administration shall from time to time make
10 studies of matters materially affecting the competitive
11 strength of small business, and of the effect on small business
12 of Federal laws, programs, and regulations, and shall make
13 recommendations to the appropriate Federal agency or
14 agencies for the adjustment of such programs and regula-
15 tions to the needs of small business.

16 “SEC. 9. (a) The Administration shall make a re-
17 port every six months of operations under this Act to the
18 President, the President of the Senate, and the Speaker of
19 the House of Representatives. Such report shall include the
20 names of the business concerns to whom contracts are let
21 and for whom financing is arranged by the Administration,
22 together with the amounts involved, and such report shall
23 include such other information and such comments and recom-
24 mendations as the Administration may deem appropriate.

25 “(b) The Administration shall make a report to the

1 President, the President of the Senate, and the Speaker of
2 the House of Representatives, to the Senate Select Commit-
3 tee on Small Business, and to the House Select Committee To
4 Conduct a Study and Investigation of the Problems of Small
5 Business, on June 30 and December 31 of each year, show-
6 ing as accurately as possible for each such period the amount
7 of funds appropriated to it that it has expended in the
8 conduct of each of its principal activities such as lending,
9 procurement, contracting, and providing technical and
10 managerial aids.

11 “(c) The Attorney General is directed to make, or re-
12 quest the Federal Trade Commission to make for him, sur-
13 veys for the purpose of determining any factors which may
14 tend to eliminate competition, create or strengthen monop-
15 lies, injure small business, or otherwise promote undue con-
16 centration of economic power in the course of the admin-
17 istration of this Act. The Attorney General shall submit to
18 the Congress and the President, at such times as he deems
19 desirable, reports setting forth the results of such surveys and
20 including such recommendations as he may deem desirable.

21 “(d) For the purpose of aiding in carrying out the
22 national policy to insure that a fair proportion of the total
23 purchases and contracts for property and services for the
24 Government be placed with small-business enterprises, and
25 to maintain and strengthen the overall economy of the Na-

1 tion, the Department of Defense shall make a monthly report
2 to the President, the President of the Senate, and the Speaker
3 of the House of Representatives not less than forty-five days
4 after the close of the month, showing the amount of funds
5 appropriated to the Department of Defense which have been
6 expended, obligated, or contracted to be spent with small-
7 business concerns and the amount of such funds expended,
8 obligated, or contracted to be spent with firms other than
9 small business in the same fields of operation; and such
10 monthly reports shall show separately the funds expended,
11 obligated, or contracted to be spent for basic and applied
12 scientific research and development.

13 “(e) The Administration shall retain all correspondence,
14 records of inquiries, memoranda, reports, books, and records,
15 including memoranda as to all investigations conducted by
16 or for the Administration, for a period of at least one year
17 from the date of each thereof, and shall at all times keep the
18 same available for inspection and examination by the Senate
19 Select Committee on Small Business and the House Select
20 Committee To Conduct a Study and Investigation of the
21 Problems of Small Business, or their duly authorized repre-
22 sentatives.

23 “(f) To the extent deemed necessary by the Adminis-
24 trator to protect and preserve small-business interests, the
25 Administration shall consult and cooperate with other de-

1 partments and agencies of the Federal Government in the
2 formulation by the Administration of policies affecting small-
3 business concerns. When requested by the Administrator,
4 each department and agency of the Federal Government
5 shall consult and cooperate with the Administration in the
6 formulation by such department or agency of policies affect-
7 ing small-business concerns, in order to insure that small-
8 business interests will be recognized, protected, and pre-
9 served. This subsection shall not require any department
10 or agency to consult or cooperate with the Administration
11 in any case where the head of such department or agency
12 determines that such consultation or cooperation would un-
13 duly delay action which must be taken by such department
14 or agency to protect the national interest in an emergency.

15 “SEC. 10. (a) The President is authorized to consult
16 with representatives of small-business concerns with a view
17 to encouraging the making by such persons with the ap-
18 proval of the President of voluntary agreements and pro-
19 grams to further the objectives of this Act.

20 “(b) No act or omission to act pursuant to this Act
21 which occurs while this Act is in effect, if requested by the
22 President pursuant to a voluntary agreement or program ap-
23 proved under subsection (a) of this section and found by
24 the President to be in the public interest as contributing to
25 the national defense, shall be construed to be within the

1 prohibitions of the antitrust laws or the Federal Trade Com-
2 mission Act of the United States. A copy of each such re-
3 quest intended to be within the coverage of this section, and
4 any modification or withdrawal thereof, shall be furnished
5 to the Attorney General and the Chairman of the Federal
6 Trade Commission when made, and it shall be published in
7 the Federal Register unless publication thereof would, in
8 the opinion of the President, endanger the national security.

9 “(c) The authority granted in subsection (b) of this
10 section shall be delegated only (1) to an official who shall
11 for the purpose of such delegation be required to be ap-
12 pointed by the President by and with the advice and consent
13 of the Senate, (2) upon the condition that such official
14 consult with the Attorney General and the Chairman of
15 the Federal Trade Commission not less than ten days before
16 making any request or finding thereunder, and (3) upon
17 the condition that such official obtain the approval of the
18 Attorney General to any request thereunder before making
19 the request.

20 “(d) Upon withdrawal of any request or finding here-
21 under, or upon withdrawal by the Attorney General of his
22 approval of the voluntary agreement or program on which
23 the request or finding is based, the provisions of this section
24 shall not apply to any subsequent act, or omission to act,
25 by reason of such finding or request.

1 “SEC. 11. The President may transfer to the Adminis-
2 istration any functions, powers, and duties of any department
3 or agency which relate primarily to small-business problems.
4 In connection with any such transfer, the President may
5 provide for appropriate transfers of records, property, neces-
6 sary personnel, and unexpended balances of appropriations
7 and other funds available to the department or agency from
8 which the transfer is made.

9 “SEC. 12. No loan shall be made or equipment, facili-
10 ties, or services furnished by the Administration under this
11 Act to any business enterprise unless the owners, partners,
12 or officers of such business enterprise (1) certify to the
13 Administration the names of any attorneys, agents, or other
14 persons engaged by or on behalf of such business enterprise
15 for the purpose of expediting applications made to the Ad-
16 ministration for assistance of any sort, and the fees paid or
17 to be paid to any such persons; (2) execute an agreement
18 binding any such business enterprise for a period of two
19 years after any assistance is rendered by the Administration
20 to such business enterprise, to refrain from employing, ten-
21 dering any office or employment to, or retaining for profes-
22 sional services, any person who, on the date such assist-
23 ance or any part thereof was rendered, or within one year
24 prior thereto, shall have served as an officer, attorney,
25 agent, or employee of the Administration occupying a posi-

1 tion or engaging in activities which the Administration
2 shall have determined involve discretion with respect to
3 the granting of assistance under this Act; and (3) furnish
4 the names of lending institutions to which such business
5 enterprise has applied for loans together with dates, amounts,
6 terms, and proof of refusal.

7 "SEC. 13. To the fullest extent the Administration
8 deems practicable, it shall make a fair charge for the use
9 of Government-owned property and make and let contracts
10 on a basis that will result in a recovery of the direct costs
11 incurred by the Administration.

12 "SEC. 14. To effectuate the purposes of this Act, small-
13 business concerns within the meaning of this Act shall
14 receive any award or contract or any part thereof as to which
15 it is determined by the Administration and the contracting
16 procurement agency (1) to be in the interest of maintaining
17 or mobilizing the Nation's full productive capacity, or (2)
18 to be in the interest of war or national defense programs.
19 Whenever the Administration and the contracting procure-
20 ment agency fail to agree, the matter shall be submitted for
21 determination to the Secretary or the head of the appropriate
22 department or agency by the Administrator.

23 "SEC. 15. (a) Whoever makes any statement knowing
24 it to be false, or whoever willfully overvalues any security,
25 for the purpose of obtaining for himself or for any appli-

1 cant any loan, or extension thereof by renewal, deferment of
2 action, or otherwise, or the acceptance, release, or substi-
3 tution of security therefor, or for the purpose of influencing
4 in any way the action of the Administration, or for the
5 purpose of obtaining money, property, or anything of value,
6 under this Act, shall be punished by a fine of not more
7 than \$5,000 or by imprisonment for not more than two
8 years, or both.

9 “(b) Whoever, being connected in any capacity with
10 the Administration, (1) embezzles, abstracts, purloins, or
11 willfully misapplies any moneys, funds, securities, or other
12 things of value, whether belonging to it or pledged or other-
13 wise entrusted to it, or (2) with intent to defraud the Ad-
14 ministration or any other body politic or corporate, or any
15 individual, or to deceive any officer, auditor, or examiner of
16 the Administration, makes any false entry in any book, re-
17 port, or statement of or to the Administration, or, without
18 being duly authorized, draws any order or issues, puts forth,
19 or assigns any note, debenture, bond, or other obligation, or
20 draft, bill of exchange, mortgage, judgment, or decree
21 thereof, or (3) with intent to defraud participates or shares
22 in or receives directly or indirectly any money, profit, prop-
23 erty, or benefit through any transaction, loan, commission,
24 contract, or any other act of the Administration, or (4) gives
25 any unauthorized information concerning any future action or

1 plan of the Administration which might affect the value of
2 securities, or, having such knowledge, invests or speculates,
3 directly or indirectly, in the securities or property of any
4 company or corporation receiving loans or other assistance
5 from the Administration, shall be punished by a fine of not
6 more than \$10,000 or by imprisonment for not more than
7 five years, or both.

8 "SEC. 16. The Administration shall not duplicate the
9 work or activity of any other department or agency of the
10 Federal Government and nothing contained in this Act shall
11 be construed to authorize any such duplication unless such
12 work or activity is expressly provided for in this Act.

13 "SEC. 17. If any provision of this Act, or the applica-
14 tion thereof to any person or circumstances, is held invalid,
15 the remainder of this Act, and the application of such pro-
16 vision to other persons or circumstances, shall not be affected
17 thereby.

18 "SEC. 18. There are hereby authorized to be appro-
19 priated such sums as may be necessary and appropriate for
20 the carrying out of the provisions and purposes of this Act.

21 "SEC. 19. All laws and parts of laws inconsistent with
22 this Act are hereby repealed to the extent of such incon-
23 sistency."

24 SEC. 3. The fourth paragraph of section 24 of the
25 Federal Reserve Act is amended (1) by striking out "or

1 the Small Business Administration” and “or of the Small
2 Business Act of 1953,” and (2) by adding at the end
3 thereof the following new sentence: “Loans in which the
4 Small Business Administration cooperates through agree-
5 ments to participate on an immediate or deferred basis under
6 the Small Business Act shall not be subject to the restrictions
7 or limitations of this section imposed upon loans secured by
8 real estate.”

A BILL

To amend the Small Business Act of 1953, as amended.

By Mr. SPENCE

JUNE 6, 1957

Referred to the Committee on Banking and Currency

June 11, 1957

10. LEGISLATIVE PROGRAM. Sen. Johnson urged the Senate not to discuss irrelevant subjects during the week ahead in order to allow time for full discussion of the four appropriation bills to be passed, and stated his desire to have the Senate act on H.R. 6070, the independent offices appropriation bill, and H.R. 6287, the Labor-HEW appropriation bill, on Wed., June 12, meeting at 9:30. pp. 7858, 7939-40

HOUSE

11. APPROPRIATIONS; ORGANIZATION. A subcommittee of the Government Operations Committee ordered reported with amendment the following bills: p. D516
H.R. 8002, to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations;
H.R. 6711, to extend the termination date for the submission of reorganization plans to Congress, under the Reorganization Act, until June 1, 1961;
H.R. 6900, to amend Sec. 206 of the Legislative Reorganization Act of 1946, so as to enable the Comptroller General more effectively to assist the Appropriations Committees in considering the budget by making special expenditure analyses of agency operations.
12. TRANSPORTATION. A subcommittee of the Interstate and Foreign Commerce Committee ordered reported S. 937, to amend Sec. 4 of the ICC Act so as to eliminate the necessity of ICC approval of certain rate publications, and H.R. 3233, with amendment, to amend Sec. 22 of the ICC Act so as to limit the carriage, storage, or handling of property for the U. S., State, or municipal Governments free or at reduced rates to periods during time of war or national emergency. p. D516
13. SMALL BUSINESS. The Banking and Currency Committee ordered reported H.R. 7963, to extend the Small Business Act. p. D515
14. LEGISLATIVE PROGRAM. Rep. Cramer discussed the relative support of the two parties in Congress of the President's legislative recommendations. pp. 7836-39
15. FOREIGN AFFAIRS. The Foreign Affairs Committee submitted a report on foreign policy and mutual security pursuant to H. Res. 29 (H. Rept. 551). p. 7839
16. ADJOURNED until Thurs., June 13. p. 7839

ITEMS IN APPENDIX

17. FLOOD CONTROL. Sen. Johnson expressed the great need for more dams for flood control and water conservation in Texas and inserted an article on this subject. p. A4544
18. FOREIGN TRADE. Sen. Javits stated that "failure to authorize membership in the OTC would seriously jeopardize the position of the United States as world leader," and inserted his letter to the Committee on Foreign Trade Education, Inc. outlining his views. pp. A4544-5
Rep. Gary inserted Philip M. Talbott's, Pres., Chamber of Commerce of the U. S., address urging businessmen to do everything they can to help our Government maintain policies which facilitate the growth of freer foreign trade. pp. A4579-81
19. EXHIBITS. Sen. Thye inserted his press release in support of U. S. participation in world fairs and expositions. p. A4550

20. FOREIGN AID. Sen. Talmadge inserted an editorial favoring reduction in foreign aid spending. p. A4551
21. ELECTRIFICATION. Sen. Church inserted an editorial summarizing the accomplishments of the Senate Antimonopoly Subcommittee regarding the Idaho Power Co. at Hells Canyon dam. pp. A4559-60
Rep. Evins inserted an editorial, "Propaganda Gimmick Exposed--Taxpayers Paying For Lobbying of Utilities, Oil, and Gas Companies." p. A4569
22. ST. LAWRENCE SEAWAY. Sen. Wiley inserted an article containing the facts and statistics of current work on the seaway as it "reaches its peak." p. A4563
23. FARM PROGRAM. Sen. Capehart inserted Under Secretary Morse's address, "New Dimensions In Farming," before a banquet sponsored by Charles Pfizner and Co., Inc., honoring 20 winners of 4-H Club animal health scholarships, at Terre Haute, Ind.. pp. A4567-8
24. STATEHOOD. Del. Burns inserted several articles favoring statehood for Alaska and Hawaii. pp. A4569-70
25. DAIRY INDUSTRY. Rep. Johnson, Wis., inserted an article describing the impact of dairying and the milk market on Wis. farm folk . pp. A4577-8
26. PERSONNEL. Rep. Lane inserted a Mass. Chapter of the Nat'l Ass'n of Retired Civil Employees on the high cost of living as it affects the low-income Federal civil-service annuitants. p. A4586
27. CONSERVATION. Rep. Saylor stated that conservation is not a problem for Congress alone and inserted an article commending the National Parks Ass'n on its student conservation program. p. A4591
28. BUDGET. Rep. Brooks, La. inserted Percival Brundage's, Director of the Bureau of the Budget, address, "The Federal Budget for 1958." pp. A4597-8

BILLS INTRODUCED

29. ACREAGE RESERVE. H.R. 8051, by Rep. Albert, H.R. 8063, by Rep. Edmondson, H.R. 8067, by Rep. Jarman, H.R. 8070, by Rep. Morris, H.R. 8073, by Rep. Steed, and S. 2264, by Sen. Kerr, to provide for an emergency acreage-reserve program in areas determined to be major disaster areas; to Agriculture and Forestry Committee and H. Agriculture Committee.
H.R. 8052, by Rep. Albert, H.R. 8064, by Rep. Edmondson, H.R. 8069, by Rep. Morris, and H.R. 8074, by Rep. Steed, to provide for increased participation in the acreage reserve program by producers of basic commodities in major disaster areas; to Agriculture Committee.
30. MILK. H.R. 8058, by Rep. Boyle, to require the Secretary of Health, Education, and Welfare to fix a minimum standard of 3.5 percent butterfat for whole milk; to Interstate and Foreign Commerce Committee.
31. FARM PROGRAM. H.R. 8059, by Rep. Breeding, to provide an improved farm program; to Agriculture Committee. Remarks of author. p. A4563
32. PATENTS. H.R. 8066, by Rep. Hillings, to authorize the restoration of times taken from patents covering inventions whose practice was prevented or curtailed during certain emergency periods by service of the patent owner in the Armed Forces or by governmental controls; to Judiciary Committee.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 14, 1957
For actions of June 13, 1957
85th-1st, No. 102

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HIGHLIGHTS: Senate debated mutual security authorization bill. House committee ordered reported bill to provide improved methods of stating budget estimates. House committee reported public works appropriation bill. Sen. Murray and others proposed and Sen. Murray discussed measure for improved evaluation procedures of land and water resources projects. Rep. Doad introduced and discussed bills for increased disposal of surplus commodities.

HOUSE

APPROPRIATIONS. The Appropriations Committee reported H.R. 8090, the public works appropriation bill for 1958 (H. Rept. 552). pp. 8071, 8106

The Government Operations Committee ordered reported with amendment H.R. 8002, to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations. p. D527

The Government Operations Committee reported with amendment H.R. 6900, to amend Sec. 206 of the Legislative Reorganization Act of 1946, so as to enable the Comptroller General more effectively to assist the Appropriations Committees in considering the budget by making special expenditure analyses of agency operations (H. Rept. 567). p. 8106

2. PEANUTS. A subcommittee of the Agriculture Committee ordered reported H.R. 6764, to delete the requirement for reports from persons owning or operating peanut picking or threshing machines, and H.R. 6570, with amendment, to amend the peanut marketing quota provisions of the Agricultural Adjustment Act of 1938 so as to remove green peanuts from marketing penalties. p. D526

3. FORESTRY. A subcommittee of the Interior and Insular Affairs Committee ordered reported H.R. 3358, to supplement the land-grant provisions of the Alaska Mental Health Enabling Act to permit the selection of certain public lands in Alaska. p. D527

4. ADVISORY COMMITTEES. The Government Operations Committee ordered reported with amendment H.R. 7390, to amend the Administrative Expenses Act of 1946 so as to require reports to Congress prior to the establishment of certain advisory committees. p. D527
5. TRANSPORTATION. The Interstate and Foreign Commerce Committee ordered reported with amendment H.R. 3233, to amend Sec. 22 of the ICC Act to limit the carriage, storage, or handling of property for the U. S., State, or municipal governments free or at reduced rates to periods during time of war or national emergency. p. D527
6. SMALL BUSINESS. The Banking and Currency Committee reported with amendment H.R. 7963, to extend the Small Business Act of 1953 (H. Rept. 555). p. 8106
7. BANKING. Received the annual report of the Board of Governors of the Federal Reserve System on 1956 operations. p. 8105
8. FOREIGN TRADE. Rep. Pelly discussed the effects of our trade embargo with Red China, including the amount of wheat and lumber formerly shipped to China. pp. 8098-99
Rep. Lane spoke in favor of legislation to give U. S. industries greater protection against foreign imports. pp. 8104-05

SENATE

9. FOREIGN AID. Continued debate on S. 2130, the mutual security authorization bill. pp. 8015-34, 8036-46, 8048-54, 8057-67
The Rules and Administration Committee reported without amendment S. Res. 141, extending to Jan. 31, 1958, the authority of the Special Committee to Study Foreign Aid Program (S. Rept. 435). p. 8005
Sen. Bennett inserted comments by ICA on an article by Eugene W. Castle which was critical of foreign aid spending. p. 8056
10. WATER RESOURCES. The Rules and Administration Committee reported without amendment S. Con. Res. 28, authorizing the printing of a compilation of materials concerning the development of water resources in the Columbia River Basin (S. Rept. 433). p. 8005
11. ATOMIC ENERGY. The Foreign Relations Committee ordered reported the Statute of the International Atomic Energy Agency (Exec. I, 85th Cong., 1st Sess.). p. D525
Sen. Pastore inserted the agreement and correspondence between the U.S. and Portugal concerning civil uses of atomic energy. pp. 8008-9
12. LANDS. Received a Calif. Legislature resolution urging passage of H.R. 5538, to provide that all military land withdrawals of over 5,000 acres must be approved by Congress. p. 8004
13. EXPENDITURES. Received from the National Assn. of Credit Men a resolution favoring reductions of expenditures. p. 8004
14. FLOOD CONTROL. Sen. Yarborough inserted a letter from the Region 5 Administrator, Civil Defense Administration reporting on the damage suffered in the recent floods in Texas, and commented: "The moral is plain; Flood control construction pays for itself in some areas in 1 year." pp. 8011-13

SMALL BUSINESS ACT

JUNE 13, 1957.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. SPENCE, from the Committee on Banking and Currency, submitted the following

REPORT

[To accompany H. R. 7963]

The Committee on Banking and Currency, to whom was referred the bill (H. R. 7963) to amend the Small Business Act of 1953, as amended, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

GENERAL STATEMENT

PURPOSE OF BILL

H. R. 7963 rewrites the Small Business Act, making various changes in the interest of promoting a more vigorous and efficient program of assistance to small business. The principal changes are (1) to make the Small Business Administration a permanent agency, (2) to increase the authorization for loans to small business, (3) to provide for a more equitable share of Government procurement for small business by requiring a new definition of small business for procurement purposes, (4) to reduce the interest rate on direct SBA business loans and on SBA's share of such loans made in participation with private lenders and to eliminate the ceiling on the interest rate on the private lender's share, and (5) to replace the Loan Policy Board with a National Small Business Advisory Board. These and the other changes which the bill would make in existing law are discussed in more detail later in this report.

IMPORTANCE OF SMALL BUSINESS

Your committee recognizes that small business has played a significant role in our economy ever since the days of the founding of this country. From that day to this our leaders have voiced the opinion that economic power should be kept distributed among many inde-

pendent business proprietors. In short, we should do all that is possible to encourage small business concerns, to help them grow and expand.

Small business is a symbol of opportunity, enterprise, innovation, and achievement. It is an independent way of life, standing for something quite essential to our freedoms. In terms of dollars and people it occupies such a large portion of our economy that this country could not exist as it is today without this healthy, pulsating and profitable small business segment. Just how important these 4 million small businesses are to the economy of this country is pointed up by the fact that they are owned by approximately 7 million business men and women. They employ an estimated 30 million persons, including owners, managers, and executives.

Your committee, therefore, believes that small and independent business is an essential element of free, American, competitive enterprise. While in this as in all other fields, primary reliance should be placed upon individual initiative and private enterprise, the Congress cannot lose sight of the fact that strengthened Federal machinery is required to enable small business to play its full part in the American economic system.

The aim of H. R. 7963 is to provide an opportunity for small business to develop and make its maximum contribution to the national economy.

It is only through full and free competition that the opportunities for expression and growth of personal initiative and individual judgment can be assured. The existence of a healthy economic climate for small business and the opportunity for its expansion constitute the best safeguards against the evils of monopoly and the best assurance for the security of our Nation, as well as the best means of assuring that consumers receive a quality product at a fair price.

SMALL BUSINESS ADMINISTRATION

The Small Business Administration, it will be recalled, was established by the Small Business Act of 1953 (Public Law 163, 83d Cong.) enacted on July 30, 1953. It is the first independent Government agency created to serve and represent all small businesses both in peacetime and in periods of national emergency. Its activities are designed to help small business (1) gain access to adequate capital and credit, (2) obtain a fair share of Government procurement, and (3) obtain competent managerial and technical assistance.

Many of the programs conducted by the Small Business Administration were inherited from agencies which were formerly in operation. The authority to make business loans to small business concerns and the authority to make loans to assist victims of floods and other disasters were powers formerly exercised by the Small Defense Plants Administration and the Reconstruction Finance Corporation.

Through April 30, 1957, SBA had approved 6,443 business loans, in a total amount of \$295 million. SBA's share of these loans (including direct loans, and immediate and deferred participations) amounts of \$245 million; the balance of the loans are made by private lenders. Of this amount, \$191 million had actually been disbursed through April 30, of which SBA's share amounted to \$158 million, as shown below:

Business loans through Apr. 30, 1957

	Approved			Disbursed		
	Number	Total	SBA share	Number	Total	SBA share ¹
Direct.....	1, 954	\$82, 447, 000	\$82, 447, 000	1, 272	\$50, 561, 000	\$50, 561, 000
Immediate participations.....	2, 453	122, 030, 000	95, 506, 000	1, 662	77, 174, 000	60, 393, 000
Deferred participations.....	2, 036	90, 141, 000	66, 847, 000	1, 503	63, 525, 000	47, 003, 000
Total.....	6, 443	294, 618, 000	244, 800, 000	4, 437	191, 260, 000	157, 957, 000

¹ In a deferred participation loan the funds are originally disbursed by a private lender. SBA agrees to take over an agreed amount (not over 90 percent) of the loan when called upon to do so. Of the \$47,003,000 figure, SBA has been called upon to take over only \$4,467,000.

After getting off to a disappointing start, SBA's business loan program has sharply increased in recent months. Of the total loan approvals shown above, roughly 45 percent (both by number of loans and dollar volume) occurred in the current fiscal year. The committee is encouraged to see this indication of a more active role by SBA in filling the credit needs of small business.

SBA's disaster loan approvals through April 30, 1957, totaled \$63 million, of which SBA's share amounted to \$60 million.

SBA's losses on its lending program through May 13, 1957, amount to \$102,377.27. This is the total amount charged off, and involved six loans.

SBA's assistance to small business in obtaining a fair share of Government contracts is perhaps best illustrated by figures on procurements set aside for small business. The joint setaside program is carried out by SBA with the cooperation of Government agencies charged with procurement. SBA's representatives assigned to major Government purchasing offices review proposed purchases, determine the type of facilities needed to produce the items, evaluate the prospects for small-business competition, and advise procurement officials of those which they believe should be earmarked for competition exclusively among small firms. With the agreement of the contracting officer, all or part of the order is then set aside for small business. Through March 25, 1957, a total of 19,123 procurements had thus been set aside, in a total amount of \$1,619,593,650.

COMMITTEE HEARINGS

The work of your Committee on Banking and Currency, in developing H. R. 7963, was helped immeasurably by the recommendations we received from Subcommittee No. 2 of the House Select Committee on Small Business. That group held exhaustive hearings on the Small Business Administration from March 26 to April 10, 1957. Testimony was heard from a large number of witnesses competent to discuss the many aspects of the complex nature of the Government's role in the small-business field. The Small Business Administrator, the Honorable Wendell Barnes, appeared. Officials of the Defense, Treasury, Commerce, and Justice Departments, the General Services Administration and the Export-Import Bank testified on matters relevant to their operations regarding small business. Several Members of Congress likewise gave helpful testimony. Witnesses representing various small-business organizations also appeared and gave Subcommittee

No. 2 the benefit of their expert knowledge and judgment. H. R. 7474, representing the unanimous views of Subcommittee No. 2, was introduced by Hon. Abraham J. Multer on May 13, 1957. Eleven other members of the House Select Committee on Small Business introduced identical bills.

The Committee on Banking and Currency held hearings on the Small Business Subcommittee's bill, the administration's bill, and other bills relating to small business from May 14 to May 22, 1957. While no effort was made to cover all the ground already covered by Subcommittee No. 2, your committee did receive testimony from Hon. Wendell B. Barnes, Administrator of the Small Business Administration, and Hon. Frederick H. Mueller, Assistant Secretary for Domestic Affairs, Department of Commerce, on behalf of the administration. Representatives of small business organizations as well as 12 Members of Congress likewise appeared. At the conclusion of these hearings, the Committee on Banking and Currency held executive sessions on a committee print embodying features from many of the bills before the committee, with modifications developed in the course of the hearings. At the end of these executive sessions, the chairman was instructed to introduce a clean bill. This clean bill, H. R. 7963, was introduced on June 6, 1957, and reported from the Committee on Banking and Currency to the House on June 11, 1957.

PROVISIONS OF BILL

SBA TO BE PERMANENT AGENCY

H. R. 7963 would eliminate the expiration provision from the present Small Business Act, thereby making SBA a permanent agency. The Small Business Act, which authorized the establishment of the Small Business Administration, was passed by the Congress in 1953. This original legislation provided that all authority under the act would terminate June 30, 1955. In the latter year, Congress amended and extended the act to July 31, 1957, at which time this law is scheduled to terminate.

Operation and experience under such temporary legislation have revealed a number of limitations which hamper the efficient operation of the Small Business Administration:

(1) There is a tendency to regard SBA programs as temporary expedients. As the expiration date of the Small Business Act approaches, some institutions have hesitated to join with the agency in participation loans. This hesitation may be founded in the uncertainty that a bank committed to participation in a long-range program may incur unanticipated expenses arising out of the shift of responsibilities from SBA to a successor.

(2) Government agencies may be reluctant to embark on long-range programs with SBA because they may find themselves burdened with additional responsibilities which they are not prepared to assume if SBA should be terminated.

(3) A short-range temporary agency encounters personnel problems which can be alleviated by longer tenure. The demand for SBA loans has practically doubled within the past year and it is anticipated that this higher level of activity will continue into the future. It has been difficult to obtain a sufficient number of qualified financial

specialists to carry forward the agency's financial assistance program. If one trained employee is lost today, he may be replaced only with extreme difficulty because such employees are not attracted to a Government agency operating under a termination date effective in the near future. For the same reason there is a lack of incentive for longer-range training programs to increase the efficiency of the agency.

(4) It appears clear that the Small Business Administration will have important and continuing responsibilities in any defense program. However, integration of the Small Business Administration into national defense planning is made difficult by the temporary nature of the agency.

(5) Experience has indicated that better relations with the business world can be established if it is clear that SBA's small-business program is a continuing one.

It thus appears clear that establishing the Small Business Administration as a permanent agency will strengthen all of the agency's small business programs.

CLARIFICATION OF PROVISIONS ON PROCUREMENT

The Small Business Act now provides that small business shall obtain a fair share of purchases and contracts for "supplies and services" for the Government. Some question has been raised whether this language is broad enough to cover all types of Government procurement. Accordingly, this language is revised in section 2 of the act as rewritten by H. R. 7963 to make absolutely clear that it is the intent of Congress that small-business concerns shall obtain a fair proportion of all types of Government contracts. "Property contracts" as used in this section is used in its broadest sense and includes supply contracts, maintenance, repair, and construction contracts, as well as any other kind of contract let by Government agencies.

DEFINITION OF SMALL BUSINESS

H. R. 7963 would require SBA to change its definition of a small-business concern for purposes of Government procurement. SBA now uses two definitions, one for financial assistance and the other for procurement. The procurement definition uses a single standard for all industries; that is, with certain exceptions the classification of a concern as small or large depends on whether it has fewer than 500 employees. Section 3 of the Small Business Act as rewritten by H. R. 7963 provides that if SBA uses number of employees as a basis for determining whether or not a concern is a small-business concern, the number of employees which SBA fixes as a limit for small-business concerns shall vary from industry to industry. SBA would thus be required in its new definition to recognize differing characteristics of various industries rather than applying the 500-employee rule to all industries. SBA is directed to prescribe a new definition without delay. If the new definition is not put into effect within 30 days, then SBA's present definition for financial-assistance purposes would be put into effect for procurement purposes also.

Congress, in the Small Business Act of 1953, stated that to be considered small and therefore eligible for assistance from the Small Business Administration, a business concern must be "independently owned and operated and * * * not dominant in its field of opera-

tion." The act also authorized the Small Business Administration, in making a more detailed definition of small business, to use such criteria as number of employees and dollar volume of business.

Under SBA's definition, for purposes of Government procurement, a manufacturing concern is a small business if (a) it is not dominant in its field of operations and, with its affiliates, employs fewer than 500 employees, or (b) it is certified as a small business by the Small Business Administration.

When submitting a bid or proposal on a Government procurement, a manufacturing concern which meets the above criteria, and which has not previously been denied small-business status by the Small Business Administration, may represent in the appropriate place on the bidding form that it is a small firm. The concern will then be deemed to be a small firm for the purpose of the specific Government purchase, unless another bidder protests to the contracting officer and the Small Business Administration about the firm's size status, or the contracting officer himself questions its representation. If the firm's representation that it is a small business is challenged, it may then apply to the nearest Small Business Administration office for a certificate that it qualifies as a small firm. If granted, this "small-business certificate" is conclusive.

Insofar as the definition for business loans and purposes other than Government procurement are concerned, the Small Business Administration uses a definition of small business adopted by it on June 10, 1954. This definition provides that any manufacturing concern is classified as small if it has 250 or fewer employees, including employees of affiliates; as large if it employs more than 1,000 persons. A manufacturing firm which has more than 250 but not more than 1,000 employees may be classified as either small or large depending upon the size standard which the SBA has developed for its particular industry.

The question of a proposed definition of small business has been a recurring one over the years. It has been recognized by this committee that no single definition may be expected to meet all requirements. Recognition of varying situations motivated this committee in drafting the present Small Business Act to depart from rigid standards and leave the definition of small business to administrative determination. The Small Business Act placed this responsibility wholly within the Small Business Administration. A workable definition has been established by the Small Business Administration in its financial-assistance program. Your committee believes the same flexibility and adaptability must be attained in the consideration of contract awards to small business by the Government. The present arbitrary 500 rule used in procurement creates a double standard in treating small business in one fashion for financial assistance and in another fashion for procurement. It is apparent, therefore, that further legislation is required to realize the congressional intent as to the definition of small business.

The standard of 500 or less employees originated in World War II with several variations. For the want of a better definition, the 500 rule generally gained acceptance in the Government, although in many instances there was considerable reluctance by many Government officials and Members of Congress to accept such a rigid formula.

In its final report for the 82d Congress (H. Rept. 2513), the Small Business Committee observed that—

In summary, the concept of small business is an outgrowth of our public policy of preserving free competition and of maintaining the integrity of independent enterprise. It must be flexible and capable of adaptation to the requirements of that policy. The specific determination of the class of firms which are deemed to be small must vary from industry to industry although there are limits beyond which all firms in an industry may be either large or small.

Your Committee on Banking and Currency, in reporting the bill to establish the Small Business Administration in 1953, reflecting the same line of thought, had this to say:

For the purposes of this act, a small-business concern is deemed to be one which is independently owned and operated and which is not dominant in its field of operation. There can be many bases for the classification of business concerns to determine whether they are small or large. Concerns may be classified as to number of employees. They may be classified as to dollar volume of annual sales. They may be classified as to gross assets. They may be classified as to net worth or, as a refinement of this procedure, by tangible net worth. Within any of these classifications, as well as others not mentioned, there is wide variation between industry and commercial groups as to what is small business and what is big business (H. Rept. 494, 83d Cong., 1st sess.).

Public Law 268, 84th Congress, directed the Attorney General to make a survey to determine any factors which permit undue concentration of economic power in the administration of the Small Business Act. The definition utilized in the Government procurement program, and particularly the 500 rule, was questioned at length in the Attorney General's report of November 9, 1955, filed in compliance with Public Law 268.

The Attorney General said:

Eligibility for SBA procurement programs * * * is limited in blanket fashion to firms with 500 or less employees. This rigid standard fails to discriminate between various industries. Thus its impact upon the fate of small business varies from one industry to another (p. 6).

The Attorney General's report, in conclusion, suggested an interagency task force first try to find a solution in the procurement field but—

If no solution is forthcoming * * * it might be well for Congress to consider investigating and legislating (p. 8).

An interagency task force was established in 1955 to formulate a new definition for procurement purposes. Early in 1956 SBA announced a proposed new definition based on the recommendation of that task force. Subcommittee No. 2 of the House Small Business Committee held hearings on this definition in July 1956 and thereafter recommended against its adoption, again urging SBA to adopt an industry-by-industry definition. Nevertheless, the proposed definition was put in effect in January of 1957 and is still in effect; therefore, legislation by the Congress is necessary.

The bill provides that, when number of employees is used as a standard in defining small business, the maximum number of employees "shall vary from industry to industry to the extent necessary to reflect differing characteristics of such industries and to take proper account of other relevant factors." In order to assure that a break will be made from the flat 500-employee rule, the bill directs the Administrator without delay to establish a new definition of small business. In the event a new definition is not established and placed in effect within 30 days after enactment of this bill, the present definition for financial assistance purposes must be placed in effect for all purposes of the act and will remain in effect until a new definition in accordance with the provisions of this bill is established and placed in effect.

REGIONAL OFFICES IN HAWAII, ALASKA, AND PUERTO RICO

Existing law authorizes the Administrator to establish branch and regional offices in such places in the United States as he may determine. Existing law also states that regional offices may be established in the Territories of Alaska and Hawaii and in the Commonwealth of Puerto Rico. In this section of the law the term United States is defined to include "the several States, the Territories and possessions of the United States, the Commonwealth of Puerto Rico, and the District of Columbia". Since by definition of "United States" (continued in sec. 4 of the act as rewritten by H. R. 7963) authority exists to establish regional offices in Alaska and Hawaii and the Commonwealth of Puerto Rico, the committee dropped out the specific reference to these three places in the interest of concise statement.

Branch offices of the Small Business Administration were established in Hawaii, Alaska, and Puerto Rico within the past year. The committee considered the advisability of requiring that the offices in those places be made regional rather than branch offices. The Administrator pointed out that the change in designation from a branch to regional basis would result in an estimated increase in administrative expenses of approximately \$198,000 and he questioned whether the present workload would justify the expenditure of establishing those offices on a regional basis. He assured the committee that by administrative action it was possible for him to give the branch managers of those offices—and in some cases he already had—substantial increase in authority with respect to the handling of loans and other matters. Since these offices are far removed from the central agency the committee expects the Administrator to maintain offices in these areas with sufficient personnel and sufficient authority so that they can adequately and promptly serve the legitimate small-business requests that come to these offices and keep abreast of the expanding workload in these areas.

LOAN AND PRIME CONTRACT AUTHORITY

The Small Business Act now authorizes SBA to make business loans in amounts up to \$230 million outstanding and disaster loans up to \$125 million outstanding. SBA may also take Government contracts, in amounts up to \$100 million outstanding, for subcontracting to small-business concerns, but this authority has never been used. Section 4 (c) of the new act as rewritten by H. R. 7963 increases the

business-loan authority to \$500 million and reduces the prime-contract authority to \$25 million, as shown in the following table:

[In millions]

	Existing law	H. R. 7963
Business loans.....	\$230	\$500
Disaster loans.....	125	125
Prime contracts.....	100	25
Total.....	455	650

The Small Business Administrator recommended to the committee that the business-loan authority be increased to \$450 million. SBA estimates that its loans and commitments outstanding will gradually increase over the next few years until repayments become large enough to stabilize the balance outstanding, as shown in the following table:

Estimated use of business-loan authority by fiscal years

[Millions of dollars]

	1958	1959	1960	1961	1962	1963
Loans outstanding, plus commitments, at start of fiscal year.....	200	301.1	368.7	403.7	412.5	421.1
Commitments issued during fiscal year.....	151.2	151.2	151.2	151.2	151.2	151.2
Total.....	351.2	452.3	519.9	554.9	563.7	572.3
Repayments during fiscal year.....	-50.1	-83.6	-116.2	-142.4	-142.6	-156.8
Loans outstanding, plus commitments, at end of fiscal year.....	301.1	368.7	403.7	412.5	421.1	415.5

The estimate of \$151,200,000 per fiscal year in new loans is based on the following assumptions:

Average applications per month.....	700
Withdrawals (10 percent).....	70
Net approvals (50 percent of applications).....	350
Cancellations (10 percent).....	35
Average size (SBA share).....	\$40,000

Multiplying \$40,000 by 315 (350 net approvals minus 35 cancellations per month) gives a monthly figure of \$12,600,000. Multiplying by 12, the corresponding figure for the year is \$151,200,000.

The estimated repayments in the table above are based on a 5-year repayment period. Anticipated repayments by fiscal year are shown below, broken down according to the time of disbursement or commitment of the loans concerned:

Estimated repayments on business loans, by fiscal year

[Millions of dollars]

	1958	1959	1960	1961	1962	1963
Repayments on loans disbursed before June 30, 1957.....	34.0	34.0	34.0	30.0	-----	-----
Repayments on loans committed before June 30, 1957, but disbursed later.....	1.0	4.3	6.6	6.6	6.6	5.6
Repayments on loans committed after June 30, 1957.....	15.1	45.3	75.6	105.8	136.0	151.2
Total.....	50.1	83.6	116.2	142.4	142.6	156.8

H. R. 7963 raises SBA's business loan authority to \$500 million instead of the \$450 million recommended by SBA. The committee believes that this additional authority will provide a reasonable reserve needed to cover contingencies which were not taken into account in the above estimates. For example, the \$450 million ceiling proposed by SBA would not accommodate even a 10 percent increase in loan volume over the estimated \$151.2 million a year.

The Administration has consistently underestimated the needs for SBA loans, both business loans and disaster loans. In July 1955 your committee reported out a bill to increase both authorizations, but the Administration opposed the increases and they failed of enactment. Six months later, SBA had reached the limit of its disaster loan authority and was forced to make loans to flood victims as business loans. These were later converted to disaster loans after Congress acted early in 1956 to raise the limit. Early this year, SBA was approaching the limit of its business loan authority and urgently requested an increase, which the Congress enacted. Your committee has accepted the assurances given by the Small Business Administrator this year that an increase in the disaster loan authority is not needed. We believe, however, that a modest increase in the business loan authority over SBA's recommendation is needed to provide a reasonable reserve, and to avoid another urgent request from SBA for a later increase.

It should be noted that the \$500 million figure does not constitute either an appropriation or obligational authority. It is an overall limit on the amount of business loans which SBA may have outstanding at any one time. In order to obtain funds to make loans within this overall limit, SBA must still obtain appropriations from the Congress, and the loans themselves constitute an income-producing investment for the Government.

ABOLISHMENT OF THE LOAN POLICY BOARD

The Small Business Act now provides that a Loan Policy Board, made up of the Small Business Administrator as Chairman, the Secretary of the Treasury, and the Secretary of Commerce, shall establish general policies (particularly with reference to the public interest involved in the granting and denial of applications for financial assistance by the Administration and with reference to the coordination of the functions of the Administration with other activities and policies of the Government) which shall govern the granting and denial of applications for financial assistance by the Administration.

Section 4 of the Small Business Act as rewritten by H. R. 7963 would replace the Loan Policy Board with a National Small Business Advisory Board. The Board would be made up of the Administrator as Chairman, the Secretary of the Treasury, the Secretary of Commerce, and not less than 2 nor more than 6 representatives of small business.

It is clear that the Small Business Administration, in order to perform the function for which it was created, should be charged with the duty and responsibility of formulating loan policy. As an independent, unaffiliated agency, the Administration should be responsible only to the President and to the Congress for its actions.

Your committee is aware of no good reason why the Secretary of Commerce or the Secretary of the Treasury should be members of the Loan Policy Board. As for the Secretary of Commerce, Congress

considered the question of making SBA a part of the Department of Commerce at the time its basic law was passed. And Congress considered this question earlier when the Small Defense Plants Administration, SBA's predecessor agency, was created. On both occasions Congress rejected this idea. It was decided to make the small-business agency separate from the Department of Commerce for the reason that the Department of Commerce is concerned with industry as a whole, with the result that a large part of its activities relate to big business. The commercial interests of big business are not always in harmony with the commercial interests of small business. If it is sound policy to have a separate agency for small business, then your committee questions the propriety of having the Secretary of Commerce making policy for the small-business agency.

If the amount of SBA's lending were large enough to have any appreciable effect upon the Nation's money supply, or upon the national debt, then there might be an argument for having the Secretary of the Treasury on the SBA's Loan Policy Board. But the amount of SBA's prospective lending is too small to be a significant factor in such coordination.

Your committee recommends that the Loan Policy Board be abolished. It feels that the responsibility and jurisdiction for the policies, as well as the operations, of the Small Business Administration should lie solely within the administration of the agency.

USE BY SBA OF SERVICES OF OTHER AGENCIES

Existing law provides that the Small Business Administration, with consent of other Government agencies may avail itself on a reimbursable basis of information, services, facilities, officers, and employees thereof, in carrying out the provisions of the act. This enables the Small Business Administration to render an effective job of helping small business without duplication of efforts on the part of other Government agencies. The committee felt that in some cases the requirement that this only take place on a reimbursable basis was too restrictive and accordingly added language in section 5 (a) of the new Small Business Act to permit such action to take place on either a reimbursable or nonreimbursable basis. Inasmuch as the consent of the agency must be obtained it was felt that this was ample safeguard against the Small Business Administration imposing on other agencies. One of the things which SBA may avail itself of under this provision is the use of information of other agencies. Certainly the requirement should not hold that this could only be done on a reimbursable basis.

DISASTER ASSISTANCE

Sections 5 (b) (8) and (9) and 7 (b) (2) of the act as rewritten by H. R. 7963 would strengthen the disaster-assistance programs of SBA. In the case of drought-disaster loans, the law now provides that the small-business concern must be located in an area "where a drought is occurring." This test is changed so that such a loan may be made to a small-business concern located in an area "affected by drought," thereby continuing eligibility even though designation of the area as a drought area had been officially terminated. Another

provision would make it easier to recruit temporary personnel to serve in disaster areas through authorizing the payment of transportation expenses of such temporary personnel from their home to the disaster area and return. A further provision would make clear SBA could accept gratuitous services and facilities from public and private agencies and groups. From time to time, in connection with the disaster program, local agencies or private business concerns offer to SBA on a gratuitous basis space for temporary offices or other assistance in establishing and carrying out disaster-loan programs.

BROADENED SBA PROGRAMS

While in general the SBA is designed to serve small-business concerns for peacetime as well as for war or defense production, certain provisions of the act contain references limiting the authorities granted. For instance, in connection with loans for working-capital purposes there is a qualification that such loans for civilian production be for "essential" civilian production. Similarly, in the act where provision is made for the SBA making an inventory of production facilities of small-business concerns, such inventory is limited to those small-business concerns "which can be used for war or defense production." In connection with the provisions for coordinating and ascertaining the means for using the productive facilities of small-business concerns and for assisting small-business concerns in obtaining scarce materials, the assistance is related to "war or defense production." In the bill, these limitations are omitted so the provisions will be applicable to all small-business concerns without regard to whether they are producing for war, defense, or essential civilian purposes. The provisions involved are sections 7 (a), 8 (b) (2), 8 (b) (3), 8 (b) (9), and 8 (b) (10) of the act as rewritten by H. R. 7963.

CREDIT STANDARDS FOR BUSINESS LOANS

The Small Business Act now provides that business loans made under the act "shall be of such sound value or so secured as reasonably to assure repayment." This language is retained in section 7 (a) (7) of the new act as reported by the committee. Nevertheless, the committee wishes to make very plain to the Administrator that his interpretation of this language, as indicated in his testimony before the committee, is clearly erroneous and contrary to the intent of Congress.

The Small Business Administrator testified before the committee that SBA interprets the word "or" in the language quoted above to mean "and," so that, in his words: "there must be sound value, and there must be collateral—the assurance must be collateral." This was never the intent of Congress. The language as now written is concise, simple, and free of ambiguity. It means what it says, namely, that a loan granted by the Small Business Administration should be *either* of sound value *or* so secured as to reasonably assure repayment.

The committee recognizes that in the normal case SBA very properly requires security for its loans. But there are some cases where an unsecured loan may be sound. For example, if the loan is covered by an adequate guaranty by a third party, the risk to the Government may be reduced to a minimum. Or the borrower may have

an earning capacity which, fairly evaluated, establishes a clear ability to repay the loan. In any such case, where factors other than collateral are present to justify a loan, the statute provides that a loan which is sound shall be made without insisting on the usual requirements as to collateral.

Necessarily, Congress must rely on the Administrator to use his judgment in determining whether other factors are present so as to provide reasonable assurance of repayment. This may involve some difficult decisions. But there is no justification for imposing a rigid requirement of collateral in all cases. Such a policy places an insurmountable obstacle in the path of many deserving applicants for SBA loans.

The committee's action in retaining the existing language of the act should not, therefore, be interpreted as approval of SBA's present interpretation of the language. On the contrary, the language clearly states, and the committee intends, that SBA loans "shall be of such sound value or so secured as reasonably to assure repayment."

INTEREST RATE ON SMALL-BUSINESS LOANS

The act now provides that SBA's business loans shall bear interest at the rate prevailing locally but not more than 6 percent per annum. Where the loan is made in participation with a private bank, the 6 percent ceiling now applies to both SBA's share and the bank's share of the loan. H. R. 7963 would reduce the maximum permissible interest rate from 6 to 5 percent and would specify that the area to be considered in determining the prevailing rate shall be the Federal Reserve district where the money loaned is to be used (section 7 (a) (4) of the rewritten act). The 6 percent ceiling would be removed from the bank's share of a participation loan.

Your committee sees no reason why small businesses in urgent need of credit should be required to pay their Government a rate of interest in excess of 5 percent. In an economy where economic concentration, with all of its attendant evils of monopolistic power, has been growing at an alarming rate, your committee believes that the Government should exert strong efforts to protect and encourage the expansion and growth of independent small businesses. We must do everything to foster an environment in which small businesses can grow and prosper. Nothing is more important to the preservation of our free competitive enterprise system.

Under the present formula in the law, the cost of money from the Treasury to the Small Business Administration is 2½ percent. We believe that the "spread" between a 5 percent rate and the 2½ percent cost of borrowed funds is adequate, and further that the "spread" will be adequate even during the next fiscal year when the cost of Treasury money to the SBA will approximate 3½ to 3¼ percent under the recomputation of the interest-rate formula each year which is provided for in the act. Your committee is not unmindful of the fact that present SBA operations show a deficit when operating expenses and reserves for losses are taken into account. But we wish to point out that the net operating income position of the SBA small-business loan operation would show a much more favorable experience if present accounting techniques permitted a separation of small-business loan operations from the disaster-loan operation, since it is understandable

that the disaster-loan operation with its maximum 3 percent interest necessarily must show an operating deficit.

In this era when huge corporate enterprises are becoming ever more dominant in industry after industry, your committee believes that the Government should help to compensate for the inevitable disadvantages which face small enterprises in their attempts to compete.

Small businesses face many real disadvantages in most industries. They do not have the easy access to equity capital in the money markets which larger corporations enjoy. Often they are unable to obtain raw materials at net prices as favorable as those enjoyed by big corporations. With their relatively small assets they are especially vulnerable to the vicissitudes of fortune and to changes in the business climate caused by variations in the business cycle. The Small Business Act expressly recognizes the difficulties which small businesses face in raising capital on reasonable terms. Your committee believes that the very least we can do is to provide them the needed credit at an interest rate of not more than 5 percent.

Your committee would also like to emphasize that there are many other Government programs which provide financing at rates below 5 percent interest. Examples are the college housing loan program (2½ percent) and the public facilities loan program (4 and 4½ percent) of the Housing and Home Finance Agency, Rural Electrification Administration loans (2 percent), commodity credit loans (3½ percent), direct housing loans of the Veterans' Administration in outlying communities (4½ percent), and loans from the Farmers' Home Administration (4 and 4½ percent).

It is generally agreed that the Administration's monetary policy does not bear equally upon every segment of our national economy. Certain areas of the economy (for example, farming, local government, home building, and small business) have clearly been more seriously affected than have large, nationwide corporations which in large measure escape the full brunt of monetary controls. It is in recognition of this fact that the Congress has at various times taken action to assist the groups hardest hit by the credit stringency. For example, earlier this year your committee reported and the House passed H. R. 6659, which had as its primary objective the easing of credit for home builders and home buyers. This is to be accomplished by lower downpayments on FHA-insured housing and additional funds for FNMA, the Government's secondary mortgage market. H. R. 7963 is likewise aimed at providing some small measure of relief to small business by fixing a 5 percent interest rate maximum on SBA's share of loans to small business.

Your committee was unimpressed by the argument that reducing the rate to 5 percent would be unduly competitive with private banking institutions. The law will continue to require that a prospective loan applicant show he has been unable to obtain financing from private lenders at "reasonable" rates. Thus, if a local bank is willing to make a loan at 6 percent interest, the SBA will not entertain the loan application.

Your committee believes the following testimony in the hearing is most pertinent on this point:

Mr. MULTER. * * * This being Government money, that the Government borrows, even at the high rate today of 3½ percent, why should we charge the man who wants this

money or needs this money, and who is entitled to get it and qualifies for it, why should we charge him more than 5 percent, if otherwise in that area he can get 5-percent money, if he qualifies?

Mr. BARNES. The most logical answer that I can give, Mr. Multer, is that if the interest rate on this type of loan is a little higher than he may be able to obtain by searching, that he will tend to try to get bank loans.

Mr. MULTER. You are overlooking the fact that the law requires that in every instance you must insist that the man be turned down first by local banks before you can lend him any money?

Mr. BARNES. That is right.

Mr. MULTER. He must establish that it is not available at reasonable rates elsewhere. If it is available even at 6 percent, you are not going to make him a 5 percent loan?

Mr. BARNES. That is right.

LOAN APPLICATION FEES

During the hearings the Small Business Administrator testified that SBA does not charge any fee in connection with applications for business loans. He pointed out that there has been no legislative history to indicate that Congress favors such a charge and stated that in the absence of any such legislative history SBA has not adopted any policy toward charging such application fees. While your committee is unable to determine whether such charges should be made without further information on the subject, we feel that SBA should make a study of the matter with a view to determining whether it is feasible and fair to small business applicants to provide this additional source for meeting the operating expenses of the business loan program.

POOL LOANS

Under the present act, a group of small business concerns may form a corporation for certain purposes and obtain a loan from SBA up to \$250,000 times the number of concerns in the group. Section 7 (a) (5) of the Small Business Act as rewritten by H. R. 7963 contains clarifying language relating to the purposes for which such a pool may be formed. The present language authorizes such loans "for the purpose of establishing facilities * * * to produce or secure raw materials or supplies"; the new language makes it clear that such a loan may be made to obtain raw materials, equipment, inventories, or supplies for the use of the concerns in the pool, as well as for establishing facilities for such purpose.

ANTITRUST PROVISIONS

The Small Business Act now provides for certain exemptions from the antitrust laws in connection with pool loans (see preceding paragraph of this report) and defense production pools. Sections 7 (a) (6) and 10 (d) of the Small Business Act as rewritten by H. R. 7963 make several changes in the language of these antitrust provisions, largely for greater clarity. The first change is to include express authority for the Small Business Administrator to consult with representatives of

small business concerns to encourage the formation of corporations which would be eligible for pool loans, and conforming language to make it clear that antitrust exemptions will apply only to activities requested by the Administrator as a result of such consultation. This procedure has been followed in connection with pool loans previously made under the act. The second change eliminates references to delegation of the authority to grant antitrust waivers, and provides instead for its exercise by the Administrator. The third change relates to the existing requirement that the Attorney General's approval must be obtained before granting such a waiver. In this connection, unnecessary and confusing provisions relating to a 10-day waiting period and the factors which the Attorney General must bear in mind in granting or withholding his approval are eliminated, and a provision is included clarifying the Attorney General's authority to withdraw his approval, thereby terminating the antitrust exemption. The fourth change similarly clarifies the Attorney General's authority to withdraw his approval of exemptions for defense production pool activities under section 10.

STUDIES BY SBA

Section 8 (c) of the act as rewritten by H. R. 7963 directs the SBA to make studies of matters affecting the competitive strength of small business and the affect of Federal laws, programs, and regulations on small business. It is anticipated by your committee that the SBA will make comprehensive and continuing studies (1) to identify and define the principal problems which affect or may affect the growth, stability, and competitive strength of the small business segment of the economy, (2) to identify both the strengths and weaknesses inherent in small business concerns, (3) to identify the fields of endeavor in which small business is best equipped to compete and prosper, and (4) to gather information which can be used by small business to improve its competitive strength and to expand its contribution to the national economy. In making such studies the Administration should distinguish and give separate consideration to the problems of small business concerns engaged in the manufacturing or distributive or service trades.

The Administrator of SBA should include in his report to the Congress, required pursuant to subsection 9 (b) of the Small Business Act, a description of the results of such studies, a statement of future programs and studies planned by the Administration and such other information, comments, and recommendations as the Administrator deems appropriate.

CONSULTATION WITH OTHER AGENCIES

The act now provides for consultation and cooperation between SBA and other Federal agencies in matters affecting small business, whenever such consultation and cooperation is directed by the President. Your committee feels that such consultation and cooperation should be a normal part of the operations of the Government; there is no reason to require a special direction from the President. For example, the Department of Defense should cooperate fully with SBA in implementing the act's directive that a fair share of Government procurement shall go to small business concerns. Accordingly,

section 9 (f) of the act, as rewritten by H. R. 7963, provides for such consultation and cooperation to the extent the Small Business Administrator deems it necessary. An exception is made for cases where such consultation and cooperation would unduly delay action which must be taken to protect the national interest in an emergency.

DISPUTES BETWEEN SBA AND PROCUREMENT OFFICERS

The act now provides that small business concerns shall be awarded Government contracts where SBA and the contracting agency agree that such action is in the interest of maintaining or mobilizing full productive capacity, or in the interest of war or national-defense programs. Section 14 of the Small Business Act, as rewritten by H. R. 7963, provides that if SBA and the contracting agency fail to agree, the matter shall be submitted for determination to the head of the department or agency concerned.

TRANSFER OF SMALL BUSINESS FUNCTIONS

The bill as reported by the committee makes the Small Business Administration a permanent agency. It also continues a provision of existing law to the effect that SBA shall not duplicate the work of any other department or agency. Under these circumstances, it is important to make sure that no small business functions remain in any other agency. A number of the small business bills referred to the committee expressly provided that any remaining small business functions of the Department of Commerce should be transferred to SBA. The Department of Commerce opposed this provision, and the Department's witness during the hearings assured the committee that all functions relating exclusively to small business have previously been transferred to SBA, and particularly that the Office of Small Business, formerly located in the Department of Commerce, is no longer operating. With this assurance, the committee concluded that it was unnecessary to include a transfer provision in the bill.

REAL ESTATE LOANS BY NATIONAL BANKS IN PARTICIPATION WITH SBA

Section 24 of the Federal Reserve Act now places certain limitations on real estate loans by national banks. These restrictions include, among others, a requirement that the loan be secured by a first mortgage, that it must not exceed two thirds of the appraised value of the property, and that the total of the bank's real estate loans must not exceed its capital and surplus, or 60 percent of its time and savings deposits, whichever is greater. Business loans made in participation with SBA are now exempt from these requirements, but disaster loans are not. Accordingly, section 3 of H. R. 7963 would amend section 24 of the Federal Reserve Act to exempt disaster loans as well as business loans from the requirements of the section.

CHANGES IN EXISTING LAW

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, the provisions of existing law, and the provisions of the law as it would be amended by H. R. 7963 as introduced, are set forth below in parallel columns:

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SEC. 201. This title may be cited as the "Small Business Act of 1953".

SEC. 1. This Act may be cited as the "Small Business Act".

SEC. 202. The essence of the American economic system of private enterprise is free competition. Only through full and free competition can free markets, free entry into business, and opportunities for the expression and growth of personal initiative and individual judgment be assured. The preservation and expansion of such competition is basic not only to the economic well-being but to the security of this Nation. Such security and well-being cannot be realized unless the actual and potential capacity of small business is encouraged and developed. It is the declared policy of the Congress that the Government should aid, counsel, assist, and protect insofar as is possible the interests of small-business concerns in order to preserve free competitive enterprise, to insure that a fair proportion of the total purchases and contracts for supplies and services for the Government be placed with small-business enterprises, and to maintain and strengthen the overall economy of the Nation.

SEC. 2. (a) The essence of the American economic system of private enterprise is free competition. Only through full and free competition can free markets, free entry into business, and opportunities for the expression and growth of personal initiative and individual judgment be assured. The preservation and expansion of such competition is basic not only to the economic well-being but to the security of this Nation. Such security and well-being cannot be realized unless the actual and potential capacity of small business is encouraged and developed. It is the declared policy of the Congress that the Government should aid, counsel, assist, and protect, insofar as is possible, the interests of small-business concerns in order to preserve free competitive enterprise, to insure that a fair proportion of the total purchases and contracts for property and services for the Government (including but not limited to contracts for maintenance, repair, and construction) be placed with small-business enterprises, and to maintain and strengthen the overall economy of the Nation.

Further, it is the declared policy of the Congress that the Government should aid and assist victims of floods or other catastrophes.

(b) Further, it is the declared policy of the Congress that the Government should aid and assist victims of floods and other catastrophes.

SEC. 203. For the purposes of this title, a small-business concern

SEC. 3. (a) For the purposes of this Act, a small-business concern

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shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation. In addition to the foregoing criteria the Administrator, in making a detailed definition, may use these criteria, among others: Number of employees and dollar volume of business.

shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation. In addition to the foregoing criteria the Administrator, in making a detailed definition, may use these criteria, among others: Number of employees and dollar volume of business. Where the number of employees is used as one of the criteria in making such definition for any of the purposes of this Act, the maximum of employees, which a small-business concern may have under the definition shall vary from industry to industry to the extent necessary to reflect differing characteristics of such industries and to take proper account of other relevant factors.

(b) The Administrator shall without delay establish a new definition, in compliance with subsection (a); and if such new definition has not been established and placed in effect for all the purposes of this Act within thirty days after the date of the enactment of this subsection, the definition which was in use by the Administrator for financial assistance purposes immediately prior to the date of the enactment of this subsection shall be in effect for all the purposes of this Act from the end of such thirty-day period until such time as the Administrator establishes and places in effect such new definition. Nothing in this subsection shall affect any small-business certificate issued under this Act before the enactment of this subsection, or restrict the authority of the Administrator to issue such certificates under section 8 (b) (6).

SEC. 204. (a) In order to carry out the policies of this title there is hereby created an agency under the name "Small Business Admin-

SEC. 4. (a) In order to carry out the policies of this Act there is hereby created an agency under the name "Small Business Admin-

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istration" (herein referred to as the Administration), which Administration shall be under the general direction and supervision of the President and shall not be affiliated with or be within any other agency or department of the Federal Government. The principal office of the Administration shall be located in the District of Columbia, but the Administration may establish such branch and regional offices in other places in the United States as may be determined by the Administrator of the Administration.

istration" (herein referred to as the Administration), which Administration shall be under the general direction and supervision of the President and shall not be affiliated with or be within any other agency or department of the Federal Government. The principal office of the Administration shall be located in the District of Columbia. The Administration may establish such branch and regional offices in other places in the United States as may be determined by the Administrator of the Administration. * * *

* * * * *

(b) The Administration is authorized to obtain money from the Treasury of the United States for use in the performance of the powers and duties granted to or imposed upon it by law, not to exceed a total of \$445,000,000 outstanding at any one time. For this purpose appropriations not to exceed \$455,000,000 are hereby authorized to be made to a revolving fund in the Treasury. Advances shall be made to the Administration from the revolving fund when requested by the Administration. This revolving fund shall be used for the purposes enumerated subsequently in section 207 (a), (b) (1), (b) (2), and (b) (3). Not to exceed an aggregate of \$230,000,000 shall be outstanding at any one time for the purposes enumerated in section 207 (a). Not to exceed an aggregate of \$125,000,000 shall be outstanding at any one time for the purposes enumerated in section 207 (b) (1). Not to exceed an aggregate of \$100,000,000 shall be outstanding at any one time for the purposes enumerated in section 207 (b) (2) and (b) (3). The Administration shall pay into

(e) The Administration is authorized to obtain money from the Treasury of the United States for use in the performance of the powers and duties granted to or imposed upon it by law, not to exceed a total of \$650,000,000 outstanding at any one time. For this purpose appropriations not to exceed \$650,000,000 are hereby authorized to be made to a revolving fund in the Treasury. Advances shall be made to the Administration from the revolving fund when requested by the Administration. This revolving fund shall be used for the purposes enumerated subsequently in sections 7 (a), 7 (b), and 8 (a). Not to exceed an aggregate of \$500,000,000 shall be outstanding at any one time for the purposes enumerated in section 7 (a). Not to exceed an aggregate of \$125,000,000 shall be outstanding at any one time for the purposes enumerated in section 7 (b). Not to exceed an aggregate of \$25,000,000 shall be outstanding at any one time for the purposes enumerated in section 8 (a). The Administration shall pay into miscellaneous receipts of the Treas-

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miscellaneous receipts of the Treasury at the close of each fiscal year, interest on the net amount of the cash disbursements from such advances at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding interest-bearing marketable public debt obligations of the United States of comparable maturities.

(c) The management of the Administration shall be vested in an Administrator who shall be appointed from civilian life by the President, by and with the advice and consent of the Senate, and who shall be a person of outstanding qualifications known to be familiar and sympathetic with small-business needs and problems. The Administrator shall receive compensation at the rate of \$17,500 per annum. The Administrator shall not engage in any other business, vocation, or employment than that of serving as Administrator. The Administrator is authorized to appoint three deputy administrators to assist in the execution of the functions vested in the Administration. Deputy administrators shall be paid at the rate of \$15,000 per annum.

(d) There is hereby created the Loan Policy Board of the Small Business Administration, which shall consist of the following members, all ex officio: The Administrator, as Chairman, the Secretary of the Treasury, and the Secretary of Commerce. Either of the said Secretaries may designate an officer of his Department, who has been appointed by the President by and with the advice and consent of the Senate, to act in his stead as a member of the Loan Policy Board with respect to any matter or matters. The Loan Policy Board

shall, at the close of each fiscal year, interest on the net amount of the cash disbursements from such advances at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding interest-bearing marketable public debt obligations of the United States of comparable maturities.

(b) The management of the Administration shall be vested in an Administrator who shall be appointed from civilian life by the President, by and with the advice and consent of the Senate, and who shall be a person of outstanding qualifications known to be familiar and sympathetic with small-business needs and problems. The Administrator shall not engage in any other business, vocation, or employment than that of serving as Administrator. The Administrator is authorized to appoint three Deputy Administrators to assist in the execution of the functions vested in the Administration.

(d) There is hereby established a National Small Business Advisory Board, which shall advise and consult with the Administration in carrying out the purposes of this Act. The Board shall consist of the Administrator, as chairman, the Secretary of the Treasury, the Secretary of Commerce, and not less than two nor more than six other individuals appointed by the Administrator who are familiar with small-business needs and problems and are truly representative of small-business interests. The Secretary of the Treasury and

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shall establish general policies (particularly with reference to the public interest involved in the granting and denial of applications for financial assistance by the Administration and with reference to the coordination of the functions of the Administration with other activities and policies of the Government) which shall govern the granting and denial of applications for financial assistance by the Administration.

(e) As used in this Act, the term "United States" includes the several States, the Territories and possessions of the United States, the Commonwealth of Puerto Rico, and the District of Columbia.

(f) The Administrator may establish regional offices of the Administration in the Territories of Alaska, Hawaii, and in the Commonwealth of Puerto Rico.

SEC. 205. (a) The Administration shall have power to adopt, alter, and use a seal, which shall be judicially noticed. The Administrator is authorized, subject to the civil-service and classification laws, to select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this title; to define their authority and duties, to provide bonds for them in such amounts as the Administrator shall determine, and to pay the costs of qualification of certain of them as notaries public. The Administration, with the consent of any board, commission, independent establishment, or executive department of the Government, may avail itself on a reimbursable basis of the use of information, services, facilities, including any field serv-

the Secretary of Commerce may each designate an officer from his Department, who has been appointed by the President by and with the advice and consent of the Senate, to act in his stead as a member of the Board.

(a) * * * As used in this Act, the term "United States" includes the several States, the Territories and possessions of the United States, the Commonwealth of Puerto Rico, and the District of Columbia.

[See third sentence of sec. 4 (a).]

SEC. 5. (a) The Administration shall have power to adopt, alter, and use a seal, which shall be judicially noticed. The Administrator is authorized, subject to the civil-service and classification laws, to select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this Act; to define their authority and duties; to provide bonds for them in such amounts as the Administrator shall determine; and to pay the costs of qualification of certain of them as notaries public. The Administration, with the consent of any board, commission, independent establishment, or executive department of the Government, may avail itself on a reimbursable or nonreimbursable basis of the use of information, services, facilities (including any field serv-

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ice thereof, officers, and employees thereof, in carrying out the provisions of this title. Subject to the standards and procedures under section 505 of the Classification Act of 1949, as amended, not to exceed fifteen positions in the Small Business Administration may be placed in grades 16, 17, and 18 of the General Schedule established by that Act, and any such positions shall be additional to the number authorized by such section.

(b) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator may—

(1) sue and be sued in any court of record of a State having general jurisdiction, or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy: *Provided*, That no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Administrator or his property;

(2) under regulations prescribed by him, assign or sell at public or private sale, or otherwise disposed of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as the Administrator shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of loans granted under this title, and to collect or compromise all obligations assigned to or held by him and all legal or equitable rights accruing to him in con-

ice thereof), officers, and employees thereof, in carrying out the provisions of this Act. Subject to the standards and procedures under section 505 of the Classification Act of 1949, as amended, not to exceed fifteen positions in the Administration may be placed in grades 16, 17, and 18 of the General Schedule established by that Act, and any such positions shall be additional to the number authorized by such section.

(b) In the performance of, and with respect to, the functions, powers, and duties vested in him by this Act the Administrator may—

(1) sue and be sued in any court of record of a State having general jurisdiction, or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Administrator or his property;

(2) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as the Administrator shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of loans granted under this Act, and to collect or compromise all obligations assigned to or held by him and all legal or equitable rights accruing to him in con-

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nection with the payment of such loans until such time as such obligation may be referred to the Attorney General for suit or collection;

(3) deal with, complete, renovate, improve, modernize, insure, or rent, or sell for cash or credit upon such terms and conditions and for such consideration as the Administrator shall determine to be reasonable, any real property conveyed to or otherwise acquired by him in connection with the payment of loans granted under this title;

(4) pursue to final collection, by way of compromise or otherwise, all claims against third parties assigned to the Administrator in connection with loans made by him. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Administrator. Section 3709 of the Revised Statutes, as amended (41 U. S. C. 5), shall not be construed to apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Administrator as a result of loans made under this title if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the Administrator deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein acquired by the Administrator pursuant to the provisions of this title may be exercised by the Administrator or by any officer or agent appointed by him without the execution of

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nection with the payment of such loans until such time as such obligations may be referred to the Attorney General for suit or collection;

(3) deal with, complete, renovate, improve, modernize, insure, or rent, or sell for cash or credit upon such terms and conditions and for such consideration as the Administrator shall determine to be reasonable, any real property conveyed to or otherwise acquired by him in connection with the payment of loans granted under this Act;

(4) pursue to final collection, by way of compromise or otherwise, all claims against third parties assigned to the Administrator in connection with loans made by him. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Administrator. Section 3709 of the Revised Statutes, as amended (41 U. S. C., sec. 5), shall not be construed to apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Administrator as a result of loans made under this Act if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the Administrator deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein acquired by the Administrator pursuant to the provisions of this Act may be exercised by the Administrator or by any officer or agent appointed by

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any express delegation of power or power of attorney. Nothing in this section shall be construed to prevent the Administrator from delegating such power by order or by power of attorney, in his discretion, to any officer or agent he may appoint;

(5) acquire, in any lawful manner, any property (real, personal, or mixed; tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in sections 207 (a) or 207 (b) of this title;

(6) make such rules and regulations as he deems necessary to carry out the authority vested in him by or pursuant to this title; and

(7) In addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, servicing, compromising, modifying, liquidating, or otherwise dealing with or realizing on loans made under the provisions of this title: *Provided*, That no attorneys' services shall be procured by contract in any office where an attorney or attorneys are or can be economically employed full time to render such services.

him without the execution of any express delegation of power or power of attorney. Nothing in this section shall be construed to prevent the Administrator from delegating such power by order or by power of attorney, in his discretion, to any officer or agent he may appoint;

(5) acquire, in any lawful manner, any property (real, personal, or mixed; tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in sections 7 (a) and 7 (b);

(6) make such rules and regulations as he deems necessary to carry out the authority vested in him by or pursuant to this Act;

(7) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, servicing, compromising, modifying, liquidating, or otherwise dealing with or realizing on loans made under the provisions of this Act; but no attorneys' services shall be procured by contract in any office where an attorney or attorneys are or can be economically employed full time to render such services;

(8) pay the transportation expenses and per diem in lieu of subsistence expenses, in accordance with the Travel Expense Act of 1949, for travel of any person employed by the Administration to render temporary services not in excess of six months in connection with any disaster referred to in sec-

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(c) To such extent as he finds necessary to carry out the provisions of this title, the Administrator is hereby authorized to procure the temporary (not in excess of six months) service of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such service shall be without regard to the civil-service and classification laws, and, except in the case of stenographic reporting services by organizations, without regard to section 3709, Revised Statutes, as amended (41 U. S. C. 5). Any individual so employed may be compensated at a rate not in excess of \$50 per diem, and, while such individual is away from his home or regular place of business, he may be allowed transportation and not to exceed \$15 per diem in lieu of subsistence and other expenses.

SEC. 206. (a) All moneys of the Administration not otherwise employed may be deposited with the Treasurer of the United States subject to check by authority of the Administration. The Federal Reserve banks are authorized and directed to act as depositories, custodians, and fiscal agents for the Administration in the general performance of its powers conferred

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tion 7 (b) from place of appointment to, and while at, the disaster area and any other temporary posts of duty and return upon completion of the assignment; and

(9) to accept the services and facilities of Federal, State, and local agencies and groups, both public and private, and utilize such gratuitous services and facilities as may, from time to time, be necessary, to further the objectives of section 7 (b).

(c) To such extent as he finds necessary to carry out the provisions of this Act, the Administrator is authorized to procure the temporary (not in excess of six months) services of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such services shall be without regard to the civil-service and classification laws, and, except in the case of stenographic reporting services by organizations, without regard to section 3709 of the Revised Statutes, as amended (41 U. S. C., sec. 5). Any individual so employed may be compensated at a rate not in excess of \$50 per diem, and, while such individual is away from his home or regular place of business, he may be allowed transportation and not to exceed \$15 per diem in lieu of subsistence and other expenses.

SEC. 6. (a) All moneys of the Administration not otherwise employed may be deposited with the Treasury of the United States subject to check by authority of the Administration. The Federal Reserve banks are authorized and directed to act as depositories, custodians, and fiscal agents for the Administration in the general performance of its powers conferred

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by this title. Any banks insured by the Federal Deposit Insurance Corporation, when designated by the Secretary of the Treasury, shall act as custodians, and financial agents for the Administration. Each Federal Reserve bank, when designated by the Administrator as fiscal agent for the Administration, shall be entitled to be reimbursed for all expenses incurred as such fiscal agent.

(b) The Administrator shall contribute to the civil-service retirement and disability fund, on the basis of annual billings as determined by the Civil Service Commission, for the Government's share of the cost of the civil-service retirement system applicable to the employees engaged in carrying out the functions financed by the revolving fund established by section 204 (b) of this Act. The Administrator shall also contribute to the employees' compensation fund, on the basis of annual billings as determined by the Secretary of Labor, for the benefit payments made from such fund on account of employees engaged in carrying out the functions financed by such revolving fund. The annual billings shall also include a statement of the fair portion of the cost of the administration of the respective funds, which shall be paid by the Administrator into the Treasury as miscellaneous receipts.

SEC. 207. (a) The Administration is empowered to make loans to enable small-business concerns to finance plant construction, conversion, or expansion, including the acquisition of land; or to finance the acquisition of equipment, facilities, machinery, supplies, or materials; or to supply such concerns with working capital to be used in the manufacture of

by this Act. Any banks insured by the Federal Deposit Insurance Corporation, when designated by the Secretary of the Treasury, shall act as custodians and financial agents for the Administration. Each Federal Reserve bank, when designated by the Administrator as fiscal agent for the Administration, shall be entitled to be reimbursed for all expenses incurred as such fiscal agent.

(b) The Administrator shall contribute to the employees' compensation fund, on the basis of annual billings as determined by the Secretary of Labor, for the benefit payments made from such fund on account of employees engaged in carrying out functions financed by the revolving fund established by section 4 (c) of this Act. The annual billings shall also include statement of the fair portion of the cost of the administration of such fund, which shall be paid by the Administrator into the Treasury as miscellaneous receipts.

SEC. 7. (a) The Administration is empowered to make loans to enable small-business concerns to finance plant construction, conversion, or expansion, including the acquisition of land; or to finance the acquisition of equipment, facilities, machinery, supplies, or materials; or to supply such concerns with working capital to be used in the manufacture of

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articles, equipment, supplies, or materials for war, defense, or essential civilian production or as may be necessary to insure a well-balanced national economy; and such loans may be made or effected either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis: *Provided, however,* That the foregoing powers shall be subject to the following restrictions and limitations:

(1) No financial assistance shall be extended pursuant to (a) above unless the financial assistance applied for is not otherwise available on reasonable terms and all loans made shall be of such sound value or so secured as reasonably to assure repayment; no immediate participation may be purchased unless it is shown that a deferred participation is not available; and no loan may be made unless it is shown that a participation is not available.

(2) No loan shall be extended pursuant to (a) above if the total amount outstanding and committed (by participation or otherwise) to the borrower from the revolving fund established by this title would exceed \$250,000, and no loan, including renewals or extensions thereof, may be made for a period or periods exceeding ten years, except that any loan made for the purpose of constructing industrial facilities may have a maturity of ten years plus such additional period as is estimated may be required to complete such construction, and any such loan shall bear interest at the

articles, equipment, supplies, or materials for war, defense, or civilian production or as may be necessary to insure a well-balanced national economy; and such loans may be made or effected either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis. The foregoing powers shall be subject, however, to the following restrictions and limitations:

(1) No financial assistance shall be extended pursuant to this subsection unless the financial assistance applied for is not otherwise available on reasonable terms.

(2) No immediate participation may be purchased unless it is shown that a deferred participation is not available; and no loan may be made unless it is shown that a participation is not available.

* * * * *

(7) All loans made under this subsection shall be of such sound value or so secured as reasonably to assure repayment.

(4) Except as provided in paragraph (5), (A) no loan under this subsection shall be made if the total amount outstanding and committed (by participation or otherwise) to the borrower from the revolving fund established by this Act would exceed \$250,000; (B) the rate of interest for the Administration's share of any such loan shall be no more than 5 per centum per annum, and shall not be more than the rate prevailing within the Federal Reserve district where the money loaned is to be used if such prevailing rate is lower than 5 per centum per annum; and (C) no such loan,

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rate prevailing in the area where the money loaned is to be used but shall not exceed 6 per centum per annum:

Provided, That the foregoing limitation of \$250,000 shall not apply to any loan extended to any corporation formed and capitalized by a group of small business concerns with resources provided by them for the purpose of establishing facilities in and through such corporation to produce or secure raw materials or supplies: *Provided further*, That for any such corporation the limit of any loan extended or made as provided for in this section shall be \$250,000 multiplied by the number of separate small businesses which have formed and capitalized a corporation as hereinbefore provided for in this section, and if a loan to such corporation is for the purpose of constructing facilities, then the loan may have a maturity not to exceed twenty years plus such additional time as is required to complete such construction and at an interest rate of not less than 3 nor more than 5 per centum per annum:

And provided further, That no act or omission to act pursuant to this section, if found and approved by the Small Business Administration as contributing to the needs of small business,

including renewals or extensions thereof, may be made for a period or periods exceeding ten years except that a loan made for the purpose of constructing facilities may have a maturity of ten years plus such additional period as is estimated may be required to complete such construction.

(5) In the case of any loan made under this subsection to a corporation formed and capitalized by a group of small-business concerns with resources provided by them for the purpose of obtaining for the use of such concerns raw materials, equipment, inventories, or supplies, or for establishing facilities for such purpose, (A) the limitation of \$250,000 prescribed in paragraph (4) shall not apply, but the limit of such loan shall be \$250,000 multiplied by the number of separate small businesses which formed and capitalized such corporation; (B) the rate of interest for the Administration's share of such loan shall be no less than 3 nor more than 5 per centum per annum; and (C) such loan, including renewals and extensions thereof, may not be made for a period or periods exceeding ten years except that if such loan is made for the purpose of constructing facilities it may have a maturity of twenty years plus such additional time as is required to complete such construction.

(6) The Administrator is authorized to consult with representatives of small-business concerns with a view to encouraging the formation by such concerns of the corporation referred to in

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shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of the statement of any such finding and approval intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register. The authority granted in the last preceding proviso shall be delegated only (1) to an official who shall for the purpose of such delegation be appointed by the President by and with the advice and consent of the Senate, unless otherwise required to be appointed, (2) upon the condition that such official consult with the Attorney General and with the Chairman of the Federal Trade Commission not less than ten days before making and stating any such finding and approval as is authorized in this subsection (a), and (3) upon the condition that such official obtain a statement in writing from the Attorney General that he, mindful of the antitrust laws and the public interest, concurs in the finding and approval made and granted by the Small Business Administration. Upon withdrawal of any finding or approval made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or approval.

The Attorney General is directed to make, or request the Federal Trade Commission to make for him, surveys for the purpose of determining any factors which

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paragraph (5). No act or omission to act, if requested by the Administrator pursuant to this paragraph, and if found and approved by the Administration as contributing to the needs of small business, shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of the statement of any such finding and approval intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register. The authority granted in this paragraph shall be exercised only (A) by the Administrator, (B) upon the condition that the Administrator consult with the Attorney General and with the Chairman of the Federal Trade Commission, and (C) upon the condition that the Administrator obtain the approval of the Attorney General before exercising such authority. Upon withdrawal of any request or finding hereunder or upon withdrawal by the Attorney General of his approval granted under the preceding sentence, the provisions of this paragraph shall not apply to any subsequent act or omission to act by reason of such finding or request.

SEC. 9. (c) The Attorney General is directed to make, or request the Federal Trade Commission to make for him, surveys for the purpose of determining any

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may tend to eliminate competition, create or strengthen monopolies, injure small business, or otherwise promote undue concentration of economic power in the course of the administration of this Act. The Attorney General shall submit to the Congress and the President within ninety days after approval of this Act, and at such times thereafter as he deems desirable, reports setting forth the results of such surveys and including such recommendations as he may deem desirable.

(3) In agreements to participate in loans on a deferred basis under this subsection or under subsection (b) (1) of this section, such participation by the Administration shall not be in excess of 90 per centum of the balance of the loan outstanding at the time of disbursement.

(b) The Administration also is empowered—

(1) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate because of floods or other catastrophes, including necessary or appropriate loans to any small-business concern located in an area where a drought is occurring, if the Administration determines that the small-business concern has suffered a substan-

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factors which may tend to eliminate competition, create or strengthen monopolies, injure small business, or otherwise promote undue concentration of economic power in the course of the administration of this Act. The Attorney General shall submit to the Congress and the President, at such times as he deems desirable, reports setting forth the results of such surveys and including such recommendations as he may deem desirable.

SEC. 7. (a) * * *

(3) In agreements to participate in loans on a deferred basis under this subsection, such participation by the Administration shall not be in excess of 90 per centum of the balance of the loan outstanding at the time of disbursement.

(b) * * * In agreements to participate in loans on a deferred basis under this subsection, such participation by the Administration shall not be in excess of 90 per centum of the balance of the loan outstanding at the time of disbursement.

(b) The Administration also is empowered—

(1) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate because of floods or other catastrophes; and

(2) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Adminis-

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tial economic injury as a result of such drought, and the President has determined under the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes", approved September 30, 1950, as amended (42 U. S. C., secs. 1855-1855g), that such drought is a major disaster, or the Secretary of Agriculture has found under the Act entitled "An Act to abolish the Regional Agricultural Credit Corporation of Washington, District of Columbia, and transfer its functions to the Secretary of Agriculture, to authorize the Secretary of Agriculture to make disaster loans, and for other purposes", approved April 6, 1949, as amended (12 U. S. C., secs. 1148a-1-1148a-3), that such drought constitutes a production or economic disaster in such area:

Provided, That no such loan including renewals and extensions thereof may be made for a period or periods exceeding twenty years: *And provided further*, That the interest rate on the Administration's share of loans made under this paragraph shall not exceed 3 per centum per annum;

(2) to enter into contracts with United States Government

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tration may determine to be necessary or appropriate to any small-business concern located in an area affected by a drought, if the Administration determines that the small-business concern has suffered a substantial economic injury as a result of such drought and the President has determined under the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes", approved September 30, 1950, as amended (42 U. S. C., secs. 1855-1855g), that such drought is a major disaster, or the Secretary of Agriculture has found under the Act entitled "An Act to abolish the Regional Agricultural Credit Corporation of Washington, District of Columbia, and transfer its functions to the Secretary of Agriculture, to authorize the Secretary of Agriculture to make disaster loans, and for other purposes", approved April 6, 1949, as amended (12 U. S. C., secs. 1148a-1-1148a-3), that such drought constitutes a production or economic disaster in such area.

No loan under this subsection, including renewals and extensions thereof, may be made for a period or periods exceeding twenty years. The interest rate on the Administration's share of any loan made under this subsection shall not exceed 3 per centum per annum. * * *

SEC. 8. (a) It shall be the duty of the Administration and it is hereby empowered, whenever it determines such action is necessary—

(1) to enter into contracts with the United States Govern-

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and any department, agency, or officer thereof having procurement powers obligating the Administration to furnish articles, equipment, supplies, or materials to the Government;

(3) to arrange for the performance of such contracts by negotiating or otherwise letting subcontracts to small-business concerns or others for the manufacture, supply, or assembly of such articles, equipment, supplies, or materials, or parts thereof, or servicing or processing in connection therewith, or such management services as may be necessary to enable the Administration to perform such contracts;

(4) to provide technical and managerial aids to small-business concerns, by advising and counseling on matters in connection with Government procurement and on policies, principles, and practices of good management, including but not limited to cost accounting, methods of financing, business insurance, accident control, wage incentives and methods engineering, by cooperating and advising with voluntary business, professional, educational, and other nonprofit organizations, associations, and institutions and with other Federal and State agencies, by maintaining a clearinghouse for information concerning the managing, financing, and operation of small-business enterprises, by disseminating such information, and by such other activities as

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ment and any department, agency, or officer thereof having procurement powers obligating the Administration to furnish articles, equipment, supplies, or materials to the Government.
* * *

(2) to arrange for the performance of such contracts by negotiating or otherwise letting subcontracts to small-business concerns or others for the manufacture, supply, or assembly of such articles, equipment, supplies, or materials, or parts thereof, or servicing or processing in connection therewith, or such management services as may be necessary to enable the Administration to perform such contracts.

(b) It shall also be the duty of the Administration and it is hereby empowered, whenever it determines such action is necessary—

(1) to provide technical and managerial aids to small-business concerns, by advising and counseling on matters in connection with Government procurement and on policies, principles, and practice of good management, including but not limited to cost accounting, methods of financing, business insurance, accident control, wage incentives, and methods engineering, by cooperating and advising with voluntary business, professional, educational, and other nonprofit organizations, associations, and institutions and with other Federal and State agencies, by maintaining a clearinghouse for information concerning the managing, financing, and operation of small-business enterprises, by disseminating such information, and by such other activities as

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are deemed appropriate by the Administration; and

(5) to further extend the maturity of or renew any loan made pursuant to this section, beyond the periods stated therein, or any loan transferred to the Administration pursuant to Reorganization Plan Numbered 2 of 1954, for additional periods not to exceed ten years, if such extension or renewal will aid in the orderly liquidation of such loan.

SEC. 208. In any case in which the Administration certifies to any officer of the Government having procurement powers that the Administration is competent to perform any specific Government procurement contract to be let by any such officer, such officer shall be authorized in his discretion to let such procurement contract to the Administration upon such terms and conditions as may be agreed upon between the Administration and the procurement officer.

SEC. 209. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Administration, or for the purpose of obtaining money, property, or anything of value, under this title, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than two years, or both.

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are deemed appropriate by the Administration;

SEC. 7. (c) The Administration may further extend the maturity of or renew any loan made pursuant to this section, or any loan transferred to the Administration pursuant to Reorganization Plan Numbered 2 of 1954, for additional periods not to exceed ten years beyond the period stated therein, if such extension or renewal will aid in the orderly liquidation of such loan.

SEC. 8. (a) * * *

(1) * * * In any case in which the Administration certifies to any officer of the Government having procurement powers that the Administration is competent to perform any specific Government procurement contract to be let by any such officer, such officer shall be authorized in his discretion to let such procurement contract to the Administration upon such terms and conditions as may be agreed upon between the Administration and the procurement officer; and

* * * * *

SEC. 15. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Administration, or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than two years, or both.

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(b) Whoever, being connected in any capacity with the Administration (A) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it, or (B) with intent to defraud the Administration or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Administration makes any false entry in any book, report, or statement of or to the Administration, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (C) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Administration, or (D) gives any unauthorized information concerning any future action or plan of the Administration which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Administration shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

SEC. 210. It shall be the duty of the Administration and it is hereby empowered, whenever it determines such action is necessary—

(a) to make a complete inventory of all productive facilities of small-business concerns which can be used for war or defense

(b) Whoever, being connected in any capacity with the Administration, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it, or (2) with intent to defraud the Administration or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Administration, makes any false entry in any book, report, or statement of or to the Administration, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (3) with intent to defraud participates or shares in or receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Administration, or (4) gives any unauthorized information concerning any future action or plan of the Administration which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Administration, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

SEC. 8. (b) * * *

(2) to make a complete inventory of all productive facilities of small-business concerns or to arrange for such inventory to

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production, or to arrange for such inventory to be made by any other governmental agency which has the facilities. In making any such inventory, the appropriate agencies in the several States may be requested to furnish an inventory of the productive facilities of small-business concerns in each respective State if such an inventory is available or in prospect; and

(b) to coordinate and to ascertain the means by which the productive capacity of small-business concerns can be most effectively utilized for war or defense production.

SEC. 211. When directed by the President, it shall be the duty of the Administration to consult and cooperate with governmental departments and agencies in the issuance of all orders or in the formulation of policy or policies in any way affecting small-business concerns. When directed by the President all such governmental departments or agencies are required, before issuing such orders or announcing such policy or policies, to consult and cooperate with the Administration in order that the interests of small-business enterprises may be recognized, protected, and preserved:

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be made by any other governmental agency which has the facilities. In making any such inventory, the appropriate agencies in the several States may be requested to furnish an inventory of the productive facilities of small-business concerns in each respective State if such an inventory is available or in prospect;

(3) to coordinate and to ascertain the means by which the productive capacity of small-business concerns can be most effectively utilized;

* * * * *

SEC. 9. (f) To the extent deemed necessary by the Administrator to protect and preserve small-business interests, the Administration shall consult and cooperate with other departments and agencies of the Federal Government in the formulation by the Administration of policies affecting small-business concerns. When requested by the Administrator, each department and agency of the Federal Government shall consult and cooperate with the Administration in the formulation by such department or agency of policies affecting small-business concerns, in order to insure that small-business interests will be recognized, protected, and preserved. This subsection shall not require any department or agency to consult or cooperate with the Administration in any case where the head of such department or agency determines that such consultation or cooperation would unduly delay action which must be taken by such department or agency to protect the national interest in an emergency.

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Provided further, That, for the purposes of aiding in carrying out the national policy to insure that a fair proportion of the total purchases and contracts for supplies and services for the Government be placed with small-business enterprises, and to maintain and strengthen the overall economy of the Nation, the Department of Defense shall make a monthly report to the President, the President of the Senate, and the Speaker of the House of Representatives not less than forty-five days after the close of the month, showing the amount of funds appropriated to the Department of Defense which have been expended, obligated, or contracted to be spent with small-business concerns and the amount of such funds expended, obligated, or contracted to be spent with firms other than small business in the same fields of operation; and such monthly reports shall show separately the funds expended, obligated, or contracted to be spent for basic and applied scientific research and development.

SEC. 212. The Administration shall have power, and it is hereby directed, whenever it determines such action is necessary—

(a) to consult and cooperate with officers of the Government having procurement powers, in order to utilize the potential productive capacity of plants operated by small-business concerns;

(b) to obtain information as to methods and practices which Government prime contractors utilize in letting subcontracts and to take action to encourage the letting of subcontracts by prime contractors to small-business concerns at prices and on conditions and terms which are fair and equitable;

(d) For the purpose of aiding in carrying out the national policy to insure that a fair proportion of the total purchases and contracts for property and services for the Government be placed with small-business enterprises, and to maintain and strengthen the overall economy of the Nation, the Department of Defense shall make a monthly report to the President, the President of the Senate, and the Speaker of the House of Representatives not less than forty-five days after the close of the month, showing the amount of funds appropriated to the Department of Defense which have been expended, obligated, or contracted to be spent with small-business concerns and the amount of such funds expended, obligated, or contracted to be spent with firms other than small business in the same fields of operation; and such monthly reports shall show separately the funds expended, obligated, or contracted to be spent for basic and applied scientific research and development.

SEC. 8. (b) * * *

(4) to consult and cooperate with officers of the Government having procurement powers, in order to utilize the potential productive capacity of plants operated by small-business concerns;

(5) to obtain information as to methods and practices which Government prime contractors utilize in letting subcontracts and to take action to encourage the letting of subcontracts by prime contractors to small-business concerns at prices and on conditions and terms which are fair and equitable;

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(c) to determine within any industry the concerns, firms, persons, corporations, partnerships, cooperatives, or other business enterprises, which are to be designated "small-business concerns" for the purpose of effectuating the provisions of this title and to carry out this purpose the Administrator, when requested to do so, shall issue in response to each such request an appropriate certificate certifying an individual concern as a "small-business concern" in accordance with the criteria expressed in this Act. Any such certificate shall be subject to revocation when the concern covered thereby ceases to be a "small-business concern";

(d) to certify to Government procurement officers with respect to the competency, as to capacity and credit, of any small business concern or group of such concerns to perform a specific Government procurement contract;

(e) to obtain from any Federal department, establishment, or agency engaged in procurement or in the financing of procurement or production such reports concerning the letting of contracts, and subcontracts and making of loans to business concerns as it may deem pertinent in carrying out its functions under this title;

(f) to obtain from suppliers of materials information pertaining to the method of filling orders and the bases for allocating their supply, whenever it appears that any small business is unable to obtain materials from its normal sources for war or defense production;

(g) to make studies and recommendations to the appropri-

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(6) to determine within any industry the concerns, firms, persons, corporations, partnerships, cooperatives, or other business enterprises which are to be designated "small-business concerns" for the purpose of effectuating the provisions of this Act. To carry out this purpose the Administrator, when requested to do so, shall issue in response to each such request an appropriate certificate certifying an individual concern as a "small-business concern" in accordance with the criteria expressed in this Act. Any such certificate shall be subject to revocation when the concern covered thereby ceases to be a "small-business concern". * * *

(7) to certify to Government procurement officers with respect to the competency, as to capacity and credit, of any small-business concern or group of such concerns to perform a specific Government procurement contract. * * *

(8) to obtain from any Federal department, establishment, or agency engaged in procurement or in the financing of procurement or production such reports concerning the letting of contracts and subcontracts and the making of loans to business concerns as it may deem pertinent in carrying out its functions under this Act;

(9) to obtain from suppliers of materials information pertaining to the method of filling orders and the bases for allocating their supply, whenever it appears that any small business is unable to obtain materials from its normal sources;

(10) to make studies and recommendations to the appro-

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ate Federal agencies to insure that a fair proportion of the total purchases and contracts for supplies and services for the Government be placed with small-business enterprises, to insure that a fair proportion of Government contracts for research and development be placed with small-business concerns, and to insure a fair and equitable share of materials, supplies, and equipment to small-business concerns to effectuate war or defense programs;

(h) to consult and cooperate with all Government agencies for the purpose of insuring that small-business concerns shall receive fair and reasonable treatment from said agencies; and

(i) to establish such advisory boards and committees wholly representative of small business as may be found necessary to achieve the purposes of this title.

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priate Federal agencies to insure that a fair proportion of the total purchases and contracts for property and services for the Government be placed with small-business enterprises, to insure that a fair proportion of Government contracts for research and development be placed with small-business concerns, and to insure a fair and equitable share of materials, supplies, and equipment to small-business concerns;

(11) to consult and cooperate with all Government agencies for the purpose of insuring that small-business concerns shall receive fair and reasonable treatment from such agencies; and

(12) to establish such small business advisory boards and committees truly representative of small business as may be necessary to achieve the purposes of this Act, in addition to the National Small Business Advisory Board established by section 4 (d).

(c) The Administration shall from time to time make studies of matters materially affecting the competitive strength of small business, and of the effect on small business of Federal laws, programs, and regulations, and shall make recommendations to the appropriate Federal agency or agencies for the adjustment of such programs and regulations to the needs of small business.

(b) * * *

(7) * * * In any case in which a small-business concern or group of such concerns has been certified by or under the authority of the Administration to be a competent Government contractor with respect

SEC. 213. (a) In any case in which a small-business concern or group of such concerns has been certified by or under the authority of the Administration to be a competent Government contractor with respect to capacity

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and credit as to a specific Government procurement contract, the officers of the Government having procurement powers are directed to accept such certification as conclusive, and are authorized to let such Government procurement contract to such concern or group of concerns without requiring it to meet any other requirement with respect to capacity and credit.

(b) Offices of the Government having procurement or lending powers, or engaging in the disposal of Federal property or allocating materials or supplies, or promulgating regulations affecting the distribution of materials or supplies shall accept as conclusive the Administration's determination as to which enterprises are to be designated "small-business concerns", as authorized and directed under section 212 (c) of this title.

SEC. 214. To effectuate the purposes of this title, small-business concerns within the meaning of this title shall receive any award or contract or any part thereof as to which it is determined by the Administration and the contracting procurement agency (A) to be in the interest of maintaining or mobilizing the Nation's full productive capacity, or (B) to be in the interest of war or national defense programs.

SEC. 215. The Administration shall make a report every six months of operations under this title to the President, the Presi-

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to capacity and credit as to a specific Government procurement contract, the officers of the Government having procurement powers are directed to accept such certification as conclusive, and are authorized to let such Government procurement contract to such concern or group of concerns without requiring it to meet any other requirement with respect to capacity and credit;

(6) * * * Offices of the Government having procurement or lending powers, or engaging in the disposal of Federal property or allocating materials or supplies, or promulgating regulations affecting the distribution of materials or supplies, shall accept as conclusive the Administration's determination as to which enterprises are to be designated "small-business concerns", as authorized and directed under this paragraph;

SEC. 14. To effectuate the purposes of this Act, small-business concerns within the meaning of this Act shall receive any award or contract or any part thereof as to which it is determined by the Administration and the contracting procurement agency (1) to be in the interest of maintaining or mobilizing the Nation's full productive capacity, or (2) to be in the interest of war or national defense programs. Whenever the Administration and the contracting procurement agency fail to agree, the matter shall be submitted for determination to the Secretary or the head of the appropriate department or agency by the Administrator.

SEC. 9. (a) The Administration shall make a report every six months of operations under this Act to the President, the President

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dent of the Senate, and the Speaker of the House of Representatives. Such report shall include the names of the business concerns to whom contracts are let and for whom financing is arranged by the Administration, together with the amounts involved, and such report shall include such other information and such comments and recommendations as the Administration may deem appropriate.

The Administration shall make a report to the President, the President of the Senate, and the Speaker of the House of Representatives, to the Senate Select Committee on Small Business and to the House Select Committee To Conduct a Study and Investigation of the Problems of Small Business on December 31, 1955, and at the end of each six months thereafter, showing as accurately as possible for each such period the amount of funds appropriated to it that it has expended in the conduct of each of its principal activities such as lending, procurement, contracting, and providing technical and managerial aids.

The Administration shall retain all correspondence, records of inquiries, memoranda, reports, books, and records, including memoranda as to all investigations conducted by or for the Administration, for a period of at least one year from the date of each thereof, and shall at all times keep the same available for inspection and examination by the Senate Select Committee on Small Business, and the House Select Committee To Conduct a Study and Investigation of the Problems of Small Business, or their duly authorized representatives.

of the Senate, and the Speaker of the House of Representatives. Such report shall include the names of the business concerns to whom contracts are let and for whom financing is arranged by the Administration, together with the amounts involved, and such report shall include such other information and such comments and recommendations as the Administration may deem appropriate.

(b) The Administration shall make a report to the President, the President of the Senate, and the Speaker of the House of Representatives, to the Senate Select Committee on Small Business, and to the House Select Committee To Conduct a Study and Investigation of the Problems of Small Business, on June 30 and December 31 of each year, showing as accurately as possible for each such period the amount of funds appropriated to it that it has expended in the conduct of each of its principal activities such as lending, procurement, contracting, and providing technical and managerial aids.

* * * * *

(e) The Administration shall retain all correspondence, records of inquiries, memoranda, reports, books, and records, including memoranda as to all investigations conducted by or for the Administration, for a period of at least one year from the date of each thereof, and shall at all times keep the same available for inspection and examination by the Senate Select Committee on Small Business and the House Select Committee To Conduct a Study and Investigation of the Problems of Small Business, or their duly authorized representatives.

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SEC. 216. The Administration is hereby empowered to make studies of the effect of price, credit, and other controls imposed under war or defense programs and wherever it finds these controls discriminate against or impose undue hardship upon small business, to make recommendations to the appropriate Federal agency for the adjustment of controls to the needs of small business.

SEC. 217. (a) The President is authorized to consult with representatives of small-business concerns with a view to encouraging the making by such persons with the approval of the President of voluntary agreements and programs to further the objectives of this title.

(b) No act or omission to act pursuant to this title which occurs while this title is in effect, if requested by the President pursuant to a voluntary agreement or program approved under subsection (a) of this section and found by the President to be in the public interest as contributing to the national defense, shall be construed to be within the prohibition of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

(c) The authority granted in subsection (b) of this section shall be delegated only (1) to an official who shall for the purpose of such delegation be required to be ap-

SEC. 10. (a) The President is authorized to consult with representatives of small-business concerns with a view to encouraging the making by such persons with the approval of the President of voluntary agreements and programs to further the objectives of this Act.

(b) No act or omission to act pursuant to this Act which occurs while this Act is in effect, if requested by the President pursuant to a voluntary agreement or program approved under subsection (a) of this section and found by the President to be in the public interest as contributing to the national defense, shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

(c) The authority granted in subsection (b) of this section shall be delegated only (1) to an official who shall for the purpose of such delegation be required to be ap-

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pointed by the President by and with the advice and consent of the Senate, and (2) upon the condition that such official consult with the Attorney General and with the Chairman of the Federal Trade Commission not less than ten days before making any request or finding thereunder, and (3) upon the condition that such official obtain the approval of the Attorney General to any request thereunder before making the request.

(d) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.

SEC. 218. The President may transfer to the Administration any functions, powers, and duties of any department or agency which relate primarily to small-business problems. In connection with any such transfer, the President may provide for appropriate transfers of records, property, necessary personnel, and unexpended balances of appropriations and other funds available to the department or agency from which the transfer is made.

SEC. 219. No loan shall be made or equipment, facilities, or services furnished by the Administration under this title to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Administration the names of any attorneys, agents or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Administration for assist-

pointed by the President by and with the advice and consent of the Senate, (2) upon the condition that such official consult with the Attorney General and the Chairman of the Federal Trade Commission not less than ten days before making any request or finding thereunder, and (3) upon the condition that such official obtain the approval of the Attorney General to any request thereunder before making the request.

(d) Upon withdrawal of any request or finding hereunder, or upon withdrawal by the Attorney General of his approval of the voluntary agreement or program on which the request or finding is based, the provisions of this section shall not apply to any subsequent act, or omission to act, by reason of such finding or request.

SEC. 11. The President may transfer to the Administration any functions, powers, and duties of any department or agency which relate primarily to small-business problems. In connection with any such transfer, the President may provide for appropriate transfers of records, property, necessary personnel, and unexpended balances of appropriations and other funds available to the department or agency from which the transfer is made.

SEC. 12. No loan shall be made or equipment, facilities, or services furnished by the Administration under this Act to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Administration the names of any attorneys, agents, or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Administration for assistance

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ance of any sort, and the fees paid or to be paid to any such persons; (2) execute an agreement binding any such business enterprise for a period of two years after any assistance is rendered by the Administration to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent, or employee of the Administration occupying a position or engaging in activities which the Administration shall have determined involve discretion with respect to the granting of assistance under this title; and (3) furnish the names of lending institutions to which such business enterprise has applied for loans together with dates, amounts, terms, and proof of refusal.

SEC. 220. To the fullest extent the Administration deems practicable, it shall make a fair charge for the use of Government-owned property and make and let contracts on a basis that will result in a recovery of the direct costs incurred by the Administration.

SEC. 221. (a) This title and all authority conferred thereunder shall terminate at the close of July 31, 1957, but the President may continue the Administration for purposes of liquidation for not to exceed six months after such termination.

(b) The termination of this title shall not affect the disbursement of funds under, or the carrying out of, any contract, commitment, or other obligation entered into pursuant to this title prior to the date of such termination, or the taking

of any sort, and the fees paid or to be paid to any such persons; (2) execute an agreement binding any such business enterprise for a period of two years after any assistance is rendered by the Administration to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent, or employee of the Administration occupying a position or engaging in activities which the Administration shall have determined involve discretion with respect to the granting of assistance under this Act; and (3) furnish the names of lending institutions to which such business enterprise has applied for loans together with dates, amounts, terms, and proof of refusal.

SEC. 13. To the fullest extent the Administration deems practicable, it shall make a fair charge for the use of Government-owned property and make and let contracts on a basis that will result in a recovery of the direct costs incurred by the Administration.

* * * * *

SMALL BUSINESS ACT OF 1953
(EXISTING LAW)SMALL BUSINESS ACT AS PROPOSED
IN H. R. 7963

of any action necessary to preserve or protect the interests of the United States.

SEC. 222. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this Act.

SEC. 223. If any provision of this Act, or the application thereof to any person or circumstances, is held invalid, the remainder of this Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

SEC. 224. All laws and parts of laws inconsistent with this Act are hereby repealed to the extent of such inconsistency.

SEC. 225. The Administration shall not duplicate the work or activity of any other department or agency of the Federal Government and nothing contained in this Act shall be construed to authorize any such duplication unless such work or activity is expressly provided for in this Act.

SEC. 18. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this Act.

SEC. 17. If any provision of this Act, or the application thereof to any person or circumstances, is held invalid, the remainder of this Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

SEC. 19. All laws and parts of laws inconsistent with this Act are hereby repealed to the extent of such inconsistency.

SEC. 16. The Administration shall not duplicate the work or activity of any other department or agency of the Federal Government and nothing contained in this Act shall be construed to authorize any such duplication unless such work or activity is expressly provided for in this Act.

FOURTH PARAGRAPH OF SECTION 24
OF THE FEDERAL RESERVE ACT
(EXISTING LAW)

Loans made to establish industrial or commercial businesses (a) which are in whole or in part discounted or purchased or loaned against as security by a Federal Reserve bank under the provisions of section 13b of this Act, (b) for any part of which a commitment shall have been made by a Federal Reserve bank under the provisions of said section, (c) in the making of which a Federal Reserve bank participates under the provisions of said section, or (d) in which the Reconstruction Finance Cor-

FOURTH PARAGRAPH OF SECTION 24
OF THE FEDERAL RESERVE ACT,
AS AMENDED BY H. R. 7963

Loans made to establish industrial or commercial businesses (a) which are in whole or in part discounted or purchased or loaned against as security by a Federal Reserve bank under the provisions of section 13b of this Act, (b) for any part of which a commitment shall have been made by a Federal Reserve bank under the provisions of said section, (c) in the making of which a Federal Reserve bank participates under the provisions of said section, or (d) in which the Reconstruction

FOURTH PARAGRAPH OF SECTION 24
OF THE FEDERAL RESERVE ACT
(EXISTING LAW)

poration or the Housing and Home Finance Administration or the Small Business Administration cooperates or purchases a participation under the provisions of the Reconstruction Finance Corporation Act, as amended, or of section 102 or 102a of the Housing Act of 1948, as amended, or of the Small Business Act of 1953, shall not be subject to the restrictions or limitations of this section upon loans secured by real estate.

FOURTH PARAGRAPH OF SECTION 24
OF THE FEDERAL RESERVE ACT
AS AMENDED BY H. R. 7963

Finance Corporation or the Housing and Home Finance Administration cooperates or purchases a participation under the provisions of the Reconstruction Finance Corporation Act, as amended, or of section 102 or 102a of the Housing Act of 1948, as amended, shall not be subject to the restrictions or limitations of this section upon loans secured by real estate. Loans in which the Small Business Administration cooperates through agreements to participate on an immediate or deferred basis under the Small Business Act shall not be subject to the restrictions or limitations of this section imposed upon loans secured by real estate.



85TH CONGRESS
1ST SESSION

H. R. 7963

[Report No. 555]

IN THE HOUSE OF REPRESENTATIVES

JUNE 6, 1957

Mr. SPENCE introduced the following bill; which was referred to the Committee on Banking and Currency

JUNE 13, 1957

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

A BILL

To amend the Small Business Act of 1953, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That title II of the Act of July 30, 1953 (Public Law 163,
4 Eighty-third Congress), as amended, is hereby withdrawn
5 as a part of that Act and is made a separate Act to be known
6 as the "Small Business Act".

7 SEC. 2. The Small Business Act is amended to read
8 as follows:

9 "SEC. 1. This Act may be cited as the 'Small Business
10 Act'.

11 "SEC. 2. (a) The essence of the American economic

1 system of private enterprise is free competition. Only
2 through full and free competition can free markets, free entry
3 into business, and opportunities for the expression and
4 growth of personal initiative and individual judgment be
5 assured. The preservation and expansion of such competi-
6 tion is basic not only to the economic well-being but to the
7 security of this Nation. Such security and well-being can-
8 not be realized unless the actual and potential capacity of
9 small business is encouraged and developed. It is the de-
10 clared policy of the Congress that the Government should
11 aid, counsel, assist, and protect, insofar as is possible, the
12 interests of small-business concerns in order to preserve free
13 competitive enterprise, to insure that a fair proportion of
14 the total purchases and contracts for property and services
15 for the Government (including but not limited to contracts
16 for maintenance, repair, and construction) be placed with
17 small-business enterprises, and to maintain and strengthen
18 the overall economy of the Nation.

19 “(b) Further, it is the declared policy of the Congress
20 that the Government should aid and assist victims of floods
21 and other catastrophes.

22 “SEC. 3. (a) For the purposes of this Act, a small-business
23 concern shall be deemed to be one which is independently
24 owned and operated and which is not dominant in its
25 field of operation. In addition to the foregoing criteria

1 the Administrator, in making a detailed definition, may
2 use these criteria, among others: Number of employees and
3 dollar volume of business. Where the number of employees
4 is used as one of the criteria in making such definition for
5 any of the purposes of this Act, the maximum number of
6 employees which a small-business concern may have under
7 the definition shall vary from industry to industry to the
8 extent necessary to reflect differing characteristics of such in-
9 dustries and to take proper account of other relevant factors.

10 “(b) The Administrator shall without delay establish a
11 new definition, in compliance with subsection (a) ; and if such
12 new definition has not been established and placed in effect
13 for all the purposes of this Act within thirty days after the
14 date of the enactment of this subsection, the definition which
15 was in use by the Administrator for financial assistance
16 purposes immediately prior to the date of the enactment of
17 this subsection shall be in effect for all the purposes of this
18 Act from the end of such thirty-day period until such time
19 as the Administrator establishes and places in effect such
20 new definition. Nothing in this subsection shall affect any
21 small-business certificate issued under this Act before the
22 enactment of this subsection, or restrict the authority of
23 the Administrator to issue such certificates under section
24 8 (b) (6).

25 “SEC. 4. (a) In order to carry out the policies of this

1 Act there is hereby created an agency under the name
2 'Small Business Administration' (herein referred to as the
3 Administration), which Administration shall be under the
4 general direction and supervision of the President and shall
5 not be affiliated with or be within any other agency or de-
6 partment of the Federal Government. The principal office
7 of the Administration shall be located in the District of
8 Columbia. The Administration may establish such branch
9 and regional offices in other places in the United States as
10 may be determined by the Administrator of the Administra-
11 tion. As used in this Act, the term 'United States' includes
12 the several States, the Territories and possessions of the
13 United States, the Commonwealth of Puerto Rico, and the
14 District of Columbia.

15 “(b) The management of the Administration shall be
16 vested in an Administrator who shall be appointed from
17 civilian life by the President, by and with the advice and
18 consent of the Senate, and who shall be a person of out-
19 standing qualifications known to be familiar and sympathetic
20 with small-business needs and problems. The Administra-
21 tor shall not engage in any other business, vocation, or
22 employment than that of serving as Administrator. The
23 Administrator is authorized to appoint three Deputy Admin-
24 istrators to assist in the execution of the functions vested in
25 the Administration.

1 “(c) The Administration is authorized to obtain money
2 from the Treasury of the United States for use in the per-
3 formance of the powers and duties granted to or imposed
4 upon it by law, not to exceed a total of \$650,000,000 out-
5 standing at any one time. For this purpose appropriations
6 not to exceed \$650,000,000 are hereby authorized to be
7 made to a revolving fund in the Treasury. Advances shall
8 be made to the Administration from the revolving fund when
9 requested by the Administration. This revolving fund shall
10 be used for the purposes enumerated subsequently in sec-
11 tions 7 (a), 7 (b), and 8 (a). Not to exceed an aggregate
12 of \$500,000,000 shall be outstanding at any one time for the
13 purposes enumerated in section 7 (a). Not to exceed
14 an aggregate of \$125,000,000 shall be outstanding at any
15 one time for the purposes enumerated in section 7 (b).
16 Not to exceed an aggregate of \$25,000,000 shall be out-
17 standing at any one time for the purposes enumerated in
18 section 8 (a). The Administration shall pay into miscel-
19 laneous receipts of the Treasury, at the close of each fiscal
20 year, interest on the net amount of the cash disbursements
21 from such advances at a rate determined by the Secretary
22 of the Treasury, taking into consideration the current average
23 rate on outstanding interest-bearing marketable public debt
24 obligations of the United States of comparable maturities.

25 “(d) There is hereby established a National Small Busi

1 ness Advisory Board, which shall advise and consult with the
2 Administration in carrying out the purposes of this Act. The
3 Board shall consist of the Administrator, as chairman, the
4 Secretary of the Treasury, the Secretary of Commerce, and
5 not less than two nor more than six other individuals ap-
6 pointed by the Administrator who are familiar with small-
7 business needs and problems and are truly representative of
8 small-business interests. The Secretary of the Treasury and
9 the Secretary of Commerce may each designate an officer
10 from his Department, who has been appointed by the Presi-
11 dent by and with the advice and consent of the Senate, to act
12 in his stead as a member of the Board.

13 “SEC. 5. (a) The Administration shall have power
14 to adopt, alter, and use a seal, which shall be judicially
15 noticed. The Administrator is authorized, subject to the
16 civil-service and classification laws, to select, employ, ap-
17 point, and fix the compensation of such officers, employees,
18 attorneys, and agents as shall be necessary to carry out the
19 provisions of this Act; to define their authority and duties;
20 to provide bonds for them in such amounts as the Adminis-
21 trator shall determine; and to pay the costs of qualification of
22 certain of them as notaries public. The Administration,
23 with the consent of any board, commission, independent
24 establishment, or executive department of the Government,
25 may avail itself on a reimbursable or nonreimbursable basis

1 of the use of information, services, facilities (including any
2 field service thereof), officers, and employees thereof, in
3 carrying out the provisions of this Act. Subject to the
4 standards and procedures under section 505 of the Classi-
5 fication Act of 1949, as amended, not to exceed fifteen
6 positions in the Administration may be placed in grades
7 16, 17, and 18 of the General Schedule established by that
8 Act, and any such positions shall be additional to the number
9 authorized by such section.

10 “(b) In the performance of, and with respect to, the
11 functions, powers, and duties vested in him by this Act the
12 Administrator may—

13 “(1) sue and be sued in any court of record of a
14 State having general jurisdiction, or in any United States
15 district court, and jurisdiction is conferred upon such dis-
16 trict court to determine such controversies without re-
17 gard to the amount in controversy; but no attachment,
18 injunction, garnishment, or other similar process, mesne
19 or final, shall be issued against the Administrator or his
20 property;

21 “(2) under regulations prescribed by him, assign
22 or sell at public or private sale, or otherwise dispose of
23 for cash or credit, in his discretion and upon such terms
24 and conditions and for such consideration as the Admin-
25 istrator shall determine to be reasonable, any evidence

1 of debt, contract, claim, personal property, or security
2 assigned to or held by him in connection with the pay-
3 ment of loans granted under this Act, and to collect
4 or compromise all obligations assigned to or held by him
5 and all legal or equitable rights accruing to him in
6 connection with the payment of such loans until such
7 time as such obligations may be referred to the Attorney
8 General for suit or collection;

9 “(3) deal with, complete, renovate, improve, mod-
10 ernize, insure, or rent, or sell for cash or credit upon
11 such terms and conditions and for such consideration as
12 the Administrator shall determine to be reasonable, any
13 real property conveyed to or otherwise acquired by him
14 in connection with the payment of loans granted under
15 this Act;

16 “(4) pursue to final collection, by way of com-
17 promise or otherwise, all claims against third parties
18 assigned to the Administrator in connection with loans
19 made by him. This shall include authority to obtain de-
20 ficiency judgments or otherwise in the case of mortgages
21 assigned to the Administrator. Section 3709 of the Re-
22 vised Statutes, as amended (41 U. S. C., sec. 5), shall
23 not be construed to apply to any contract of hazard in-
24 surance or to any purchase or contract for services or
25 supplies on account of property obtained by the Ad-

1 administrator as a result of loans made under this Act
2 if the premium therefor or the amount thereof does not
3 exceed \$1,000. The power to convey and to execute
4 in the name of the Administrator deeds of conveyance,
5 deeds of release, assignments and satisfactions of mort-
6 gages, and any other written instrument relating to
7 real property or any interest therein acquired by the
8 Administrator pursuant to the provisions of this Act may
9 be exercised by the Administrator or by any officer or
10 agent appointed by him without the execution of any
11 express delegation of power or power of attorney.
12 Nothing in this section shall be construed to prevent
13 the Administrator from delegating such power by order
14 or by power of attorney, in his discretion, to any officer
15 or agent he may appoint;

16 “(5) acquire, in any lawful manner, any property
17 (real, personal, or mixed, tangible or intangible), when-
18 ever deemed necessary or appropriate to the conduct of
19 the activities authorized in sections 7 (a) and 7 (b);

20 “(6) make such rules and regulations as he deems
21 necessary to carry out the authority vested in him by
22 or pursuant to this Act;

23 “(7) in addition to any powers, functions, privi-
24 leges, and immunities otherwise vested in him, take

1 any and all actions, including the procurement of the
2 services of attorneys by contract, determined by him
3 to be necessary or desirable in making, servicing, com-
4 promising, modifying, liquidating, or otherwise dealing
5 with or realizing on loans made under the provisions of
6 this Act; but no attorneys' services shall be procured
7 by contract in any office where an attorney or attorneys
8 are or can be economically employed full time to render
9 such services;

10 “(8) pay the transportation expenses and per diem
11 in lieu of subsistence expenses, in accordance with the
12 Travel Expense Act of 1949, for travel of any person
13 employed by the Administration to render temporary
14 services not in excess of six months in connection with
15 any disaster referred to in section 7 (b) from place of
16 appointment to, and while at, the disaster area and any
17 other temporary posts of duty and return upon comple-
18 tion of the assignment; and

19 “(9) to accept the services and facilities of Federal,
20 State, and local agencies and groups, both public and
21 private, and utilize such gratuitous services and facilities
22 as may, from time to time, be necessary, to further the
23 objectives of section 7 (b) .

24 “(c) To such extent as he finds necessary to carry out

1 the provisions of this Act, the Administrator is author-
2 ized to procure the temporary (not in excess of six
3 months) services of experts or consultants or organizations
4 thereof, including stenographic reporting services, by con-
5 tract or appointment, and in such cases such services shall
6 be without regard to the civil-service and classification laws
7 and, except in the case of stenographic reporting services by
8 organizations, without regard to section 3709 of the Revised
9 Statutes, as amended (41 U. S. C., sec. 5). Any individual
10 so employed may be compensated at a rate not in excess of
11 \$50 per diem, and, while such individual is away from his
12 home or regular place of business, he may be allowed trans-
13 portation and not to exceed \$15 per diem in lieu of subsist-
14 ence and other expenses.

15 “SEC. 6. (a) All moneys of the Administration not
16 otherwise employed may be deposited with the Treasury of
17 the United States subject to check by authority of the Ad-
18 ministration. The Federal Reserve banks are authorized
19 and directed to act as depositaries, custodians, and fiscal
20 agents for the Administration in the general performance of
21 its powers conferred by this Act. Any banks insured by the
22 Federal Deposit Insurance Corporation, when designated by
23 the Secretary of the Treasury, shall act as custodians and
24 financial agents for the Administration. Each Federal Re-

1 serve bank, when designated by the Administrator as fiscal
2 agent for the Administration, shall be entitled to be reim-
3 bursed for all expenses incurred as such fiscal agent.

4 “(b) The Administrator shall contribute to the em-
5 ployees’ compensation fund, on the basis of annual billings
6 as determined by the Secretary of Labor, for the benefit pay-
7 ments made from such fund on account of employees engaged
8 in carrying out functions financed by the revolving fund es-
9 tablished by section 4 (c) of this Act. The annual billings
10 shall also include a statement of the fair portion of the cost
11 of the administration of such fund, which shall be paid by
12 the Administrator into the Treasury as miscellaneous receipts.

13 “SEC. 7. (a) The Administration is empowered to
14 make loans to enable small-business concerns to finance
15 plant construction, conversion, or expansion, including the
16 acquisition of land; or to finance the acquisition of equip-
17 ment, facilities, machinery, supplies, or materials; or to
18 supply such concerns with working capital to be used in
19 the manufacture of articles, equipment, supplies, or mate-
20 rials for war, defense, or civilian production or as may be
21 necessary to insure a well-balanced national economy; and
22 such loans may be made or effected either directly or in
23 cooperation with banks or other lending institutions through
24 agreements to participate on an immediate or deferred

1 basis. The foregoing powers shall be subject, however,
2 to the following restrictions and limitations:

3 “(1) No financial assistance shall be extended
4 pursuant to this subsection unless the financial assistance
5 applied for is not otherwise available on reasonable
6 terms.

7 “(2) No immediate participation may be pur-
8 chased unless it is shown that a deferred participation
9 is not available; and no loan may be made unless it is
10 shown that a participation is not available.

11 “(3) In agreements to participate in loans on a
12 deferred basis under this subsection, such participation
13 by the Administration shall not be in excess of 90 per
14 centum of the balance of the loan outstanding at the
15 time of disbursement.

16 “(4) Except as provided in paragraph (5), (A)
17 no loan under this subsection shall be made if the total
18 amount outstanding and committed (by participation or
19 otherwise) to the borrower from the revolving fund
20 established by this Act would exceed \$250,000; (B)
21 the rate of interest for the Administration's share of
22 any such loan shall be no more than 5 per centum per
23 annum, and shall not be more than the rate prevailing
24 within the Federal Reserve district where the money

1 loaned is to be used if such prevailing rate is lower
2 than 5 per centum per annum; and (C) no such loan,
3 including renewals or extensions thereof, may be made
4 for a period or periods exceeding ten years except that
5 a loan made for the purpose of constructing facilities
6 may have a maturity of ten years plus such additional
7 period as is estimated may be required to complete
8 such construction.

9 “(5) In the case of any loan made under this
10 subsection to a corporation formed and capitalized by
11 a group of small-business concerns with resources pro-
12 vided by them for the purpose of obtaining for the use
13 of such concerns raw materials, equipment, inventories,
14 or supplies, or for establishing facilities for such purpose,
15 (A) the limitation of \$250,000 prescribed in paragraph
16 (4) shall not apply, but the limit of such loan shall be
17 \$250,000 multiplied by the number of separate small
18 businesses which formed and capitalized such corpora-
19 tion; (B) the rate of interest for the Administration’s
20 share of such loan shall be no less than 3 nor more
21 than 5 per centum per annum; and (C) such loan,
22 including renewals and extensions thereof, may not
23 be made for a period or periods exceeding ten years
24 except that if such loan is made for the purpose of con-
25 structing facilities it may have a maturity of twenty

1 years plus such additional time as is required to com-
2 plete such construction.

3 “(6) The Administrator is authorized to consult
4 with representatives of small-business concerns with a
5 view to encouraging the formation by such concerns of
6 the corporation referred to in paragraph (5). No act or
7 omission to act, if requested by the Administrator pur-
8 suant to this paragraph, and if found and approved by
9 the Administration as contributing to the needs of small
10 business, shall be construed to be within the prohibitions
11 of the antitrust laws or the Federal Trade Commission
12 Act of the United States. A copy of the statement of
13 any such finding and approval intended to be within
14 the coverage of this section, and any modification or
15 withdrawal thereof, shall be furnished to the Attorney
16 General and the Chairman of the Federal Trade Commis-
17 sion when made, and it shall be published in the Federal
18 Register. The authority granted in this paragraph
19 shall be exercised only (A) by the Administrator,
20 (B) upon the condition that the Administrator consult
21 with the Attorney General and with the Chairman of
22 the Federal Trade Commission, and (C) upon the
23 condition that the Administrator obtain the approval of
24 the Attorney General before exercising such authority.
25 Upon withdrawal of any request or finding hereunder

1 or upon withdrawal by the Attorney General of his
2 approval granted under the preceding sentence, the pro-
3 visions of this paragraph shall not apply to any subse-
4 quent act or omission to act by reason of such finding or
5 request.

6 “(7) All loans made under this subsection shall
7 be of such sound value or so secured as reasonably to
8 assure repayment.

9 “(b) The Administration also is empowered—

10 “(1) to make such loans (either directly or in co-
11 operation with banks or other lending institutions
12 through agreements to participate on an immediate or
13 deferred basis) as the Administration may determine to
14 be necessary or appropriate because of floods or other
15 catastrophes; and

16 “(2) to make such loans (either directly or in co-
17 operation with banks or other lending institutions
18 through agreements to participate on an immediate or
19 deferred basis) as the Administration may determine to
20 be necessary or appropriate to any small-business con-
21 cern located in an area affected by a drought, if the Ad-
22 ministration determines that the small-business concern
23 has suffered a substantial economic injury as a result of
24 such drought and the President has determined under the
25 Act entitled ‘An Act to authorize Federal assistance to

1 States and local governments in major disasters, and for
2 other purposes', approved September 30, 1950, as
3 amended (42 U. S. C., secs. 1855-1855g), that such
4 drought is a major disaster, or the Secretary of Agri-
5 culture has found under the Act entitled 'An Act to
6 abolish the Regional Agricultural Credit Corporation of
7 Washington, District of Columbia, and transfer its func-
8 tions to the Secretary of Agriculture, to authorize the
9 Secretary of Agriculture to make disaster loans, and for
10 other purposes', approved April 6, 1949, as amended
11 (12 U. S. C., secs. 1148a-1-1148a-3), that such
12 drought constitutes a production or economic disaster in
13 such area.

14 No loan under this subsection, including renewals and ex-
15 tensions thereof, may be made for a period or periods exceed-
16 ing twenty years. The interest rate on the Administration's
17 share of any loan made under this subsection shall not
18 exceed 3 per centum per annum. In agreements to partici-
19 pate in loans on a deferred basis under this subsection, such
20 participation by the Administration shall not be in excess
21 of 90 per centum of the balance of the loan outstanding at
22 the time of disbursement.

23 "(c) The Administration may further extend the matu-
24 rity of or renew any loan made pursuant to this section,

1 or any loan transferred to the Administration pursuant to
2 Reorganization Plan Numbered 2 of 1954, for additional
3 periods not to exceed ten years beyond the period stated
4 therein, if such extension or renewal will aid in the orderly
5 liquidation of such loan.

6 "SEC. 8. (a) It shall be the duty of the Administration
7 and it is hereby empowered, whenever it determines such
8 action is necessary—

9 " (1) to enter into contracts with the United
10 States Government and any department, agency, or
11 officer thereof having procurement powers obligating the
12 Administration to furnish articles, equipment, supplies,
13 or materials to the Government. In any case in which
14 the Administration certifies to any officer of the Govern-
15 ment having procurement powers that the Administra-
16 tion is competent to perform any specific Government
17 procurement contract to be let by any such officer, such
18 officer shall be authorized in his discretion to let such
19 procurement contract to the Administration upon such
20 terms and conditions as may be agreed upon between the
21 Administration and the procurement officer; and

22 " (2) to arrange for the performance of such con-
23 tracts by negotiating or otherwise letting subcontracts to
24 small-business concerns or others for the manufacture,
25 supply, or assembly of such articles, equipment, supplies,

1 or materials, or parts thereof, or servicing or processing
2 in connection therewith, or such management services
3 as may be necessary to enable the Administration to
4 perform such contracts.

5 “(b) It shall also be the duty of the Administration
6 and it is hereby empowered, whenever it determines such
7 action is necessary—

8 “(1) to provide technical and managerial aids to
9 small-business concerns, by advising and counseling on
10 matters in connection with Government procurement
11 and on policies, principles, and practices of good man-
12 agement, including but not limited to cost accounting,
13 methods of financing, business insurance, accident con-
14 trol, wage incentives, and methods engineering, by co-
15 operating and advising with voluntary business, profes-
16 sional, educational, and other nonprofit organizations,
17 associations, and institutions and with other Federal
18 and State agencies, by maintaining a clearinghouse for
19 information concerning the managing, financing, and
20 operation of small-business enterprises, by disseminating
21 such information, and by such other activities as are
22 deemed appropriate by the Administration;

23 “(2) to make a complete inventory of all produc-
24 tive facilities of small-business concerns or to arrange
25 for such inventory to be made by any other govern-

1 mental agency which has the facilities. In making any
2 such inventory, the appropriate agencies in the several
3 States may be requested to furnish an inventory of the
4 productive facilities of small-business concerns in each
5 respective State if such an inventory is available or in
6 prospect;

7 “(3) to coordinate and to ascertain the means by
8 which the productive capacity of small-business concerns
9 can be most effectively utilized;

10 “(4) to consult and cooperate with officers of the
11 Government having procurement powers, in order to
12 utilize the potential productive capacity of plants op-
13 erated by small-business concerns;

14 “(5) to obtain information as to methods and prac-
15 tices which Government prime contractors utilize in
16 letting subcontracts and to take action to encourage the
17 letting of subcontracts by prime contractors to small-
18 business concerns at prices and on conditions and terms
19 which are fair and equitable;

20 “(6) to determine within any industry the con-
21 cerns, firms, persons, corporations, partnerships, coop-
22 eratives, or other business enterprises which are to be
23 designated ‘small-business concerns’ for the purpose of
24 effectuating the provisions of this Act. To carry out
25 this purpose the Administrator, when requested to do so,

1 shall issue in response to each such request an appro-
2 priate certificate certifying an individual concern as a
3 'small-business concern' in accordance with the criteria
4 expressed in this Act. Any such certificate shall be
5 subject to revocation when the concern covered thereby
6 ceases to be a 'small-business concern'. Offices of the
7 Government having procurement or lending powers, or
8 engaging in the disposal of Federal property or allo-
9 cating materials or supplies, or promulgating regula-
10 tions affecting the distribution of materials or supplies,
11 shall accept as conclusive the Administration's deter-
12 mination as to which enterprises are to be designated
13 'small-business concerns', as authorized and directed
14 under this paragraph;

15 " (7) to certify to Government procurement officers
16 with respect to the competency, as to capacity and
17 credit, of any small-business concern or group of such
18 concerns to perform a specific Government procurement
19 contract. In any case in which a small-business con-
20 cern or group of such concerns has been certified by or
21 under the authority of the Administration to be a com-
22 petent Government contractor with respect to capacity
23 and credit as to a specific Government procurement
24 contract, the officers of the Government having procure-
25 ment powers are directed to accept such certification

1 as conclusive, and are authorized to let such Govern-
2 ment procurement contract to such concern or group of
3 concerns without requiring it to meet any other require-
4 ment with respect to capacity and credit;

5 “(8) to obtain from any Federal department, estab-
6 lishment, or agency engaged in procurement or in the
7 financing of procurement or production such reports
8 concerning the letting of contracts and subcontracts and
9 the making of loans to business concerns as it may deem
10 pertinent in carrying out its functions under this Act;

11 “(9) to obtain from suppliers of materials informa-
12 tion pertaining to the method of filling orders and the
13 bases for allocating their supply, whenever it appears
14 that any small business is unable to obtain materials
15 from its normal sources;

16 “(10) to make studies and recommendations to the
17 appropriate Federal agencies to insure that a fair pro-
18 portion of the total purchases and contracts for property
19 and services for the Government be placed with small-
20 business enterprises, to insure that a fair proportion of
21 Government contracts for research and development be
22 placed with small-business concerns, and to insure a
23 fair and equitable share of materials, supplies, and equip-
24 ment to small-business concerns;

25 “(11) to consult and cooperate with all Government

1 agencies for the purpose of insuring that small-business
2 concerns shall receive fair and reasonable treatment
3 from such agencies; and

4 “(12) to establish such small business advisory
5 boards and committees truly representative of small
6 business as may be necessary to achieve the purposes
7 of this Act, in addition to the National Small Business
8 Advisory Board established by section 4 (d).

9 “(c) The Administration shall from time to time make
10 studies of matters materially affecting the competitive
11 strength of small business, and of the effect on small business
12 of Federal laws, programs, and regulations, and shall make
13 recommendations to the appropriate Federal agency or
14 agencies for the adjustment of such programs and regula-
15 tions to the needs of small business.

16 “SEC. 9. (a) The Administration shall make a re-
17 port every six months of operations under this Act to the
18 President, the President of the Senate, and the Speaker of
19 the House of Representatives. Such report shall include the
20 names of the business concerns to whom contracts are let
21 and for whom financing is arranged by the Administration,
22 together with the amounts involved, and such report shall
23 include such other information and such comments and recom-
24 mendations as the Administration may deem appropriate.

25 “(b) The Administration shall make a report to the

1 President, the President of the Senate, and the Speaker of
2 the House of Representatives, to the Senate Select Commit-
3 tee on Small Business, and to the House Select Committee To
4 Conduct a Study and Investigation of the Problems of Small
5 Business, on June 30 and December 31 of each year, show-
6 ing as accurately as possible for each such period the amount
7 of funds appropriated to it that it has expended in the
8 conduct of each of its principal activities such as lending,
9 procurement, contracting, and providing technical and
10 managerial aids.

11 “(c) The Attorney General is directed to make, or re-
12 quest the Federal Trade Commission to make for him, sur-
13 veys for the purpose of determining any factors which may
14 tend to eliminate competition, create or strengthen monopo-
15 lies, injure small business, or otherwise promote undue con-
16 centration of economic power in the course of the admin-
17 istration of this Act. The Attorney General shall submit to
18 the Congress and the President, at such times as he deems
19 desirable, reports setting forth the results of such surveys and
20 including such recommendations as he may deem desirable.

21 “(d) For the purpose of aiding in carrying out the
22 national policy to insure that a fair proportion of the total
23 purchases and contracts for property and services for the
24 Government be placed with small-business enterprises, and
25 to maintain and strengthen the overall economy of the Na-

tion, the Department of Defense shall make a monthly report to the President, the President of the Senate, and the Speaker of the House of Representatives not less than forty-five days after the close of the month, showing the amount of funds appropriated to the Department of Defense which have been expended, obligated, or contracted to be spent with small-business concerns and the amount of such funds expended, obligated, or contracted to be spent with firms other than small business in the same fields of operation; and such monthly reports shall show separately the funds expended, obligated, or contracted to be spent for basic and applied scientific research and development.

“(e) The Administration shall retain all correspondence, records of inquiries, memoranda, reports, books, and records, including memoranda as to all investigations conducted by or for the Administration, for a period of at least one year from the date of each thereof, and shall at all times keep the same available for inspection and examination by the Senate Select Committee on Small Business and the House Select Committee To Conduct a Study and Investigation of the Problems of Small Business, or their duly authorized representatives.

“(f) To the extent deemed necessary by the Administrator to protect and preserve small-business interests, the Administration shall consult and cooperate with other de-

1 partments and agencies of the Federal Government in the
2 formulation by the Administration of policies affecting small-
3 business concerns. When requested by the Administrator,
4 each department and agency of the Federal Government
5 shall consult and cooperate with the Administration in the
6 formulation by such department or agency of policies affect-
7 ing small-business concerns, in order to insure that small-
8 business interests will be recognized, protected, and pre-
9 served. This subsection shall not require any department
10 or agency to consult or cooperate with the Administration
11 in any case where the head of such department or agency
12 determines that such consultation or cooperation would un-
13 duly delay action which must be taken by such department
14 or agency to protect the national interest in an emergency.

15 “SEC. 10. (a) The President is authorized to consult
16 with representatives of small-business concerns with a view
17 to encouraging the making by such persons with the ap-
18 proval of the President of voluntary agreements and pro-
19 grams to further the objectives of this Act.

20 “(b) No act or omission to act pursuant to this Act
21 which occurs while this Act is in effect, if requested by the
22 President pursuant to a voluntary agreement or program ap-
23 proved under subsection (a) of this section and found by
24 the President to be in the public interest as contributing to
25 the national defense, shall be construed to be within the

1 prohibitions of the antitrust laws or the Federal Trade Com-
2 mission Act of the United States. A copy of each such re-
3 quest intended to be within the coverage of this section, and
4 any modification or withdrawal thereof, shall be furnished
5 to the Attorney General and the Chairman of the Federal
6 Trade Commission when made, and it shall be published in
7 the Federal Register unless publication thereof would, in
8 the opinion of the President, endanger the national security.

9 “(c) The authority granted in subsection (b) of this
10 section shall be delegated only (1) to an official who shall
11 for the purpose of such delegation be required to be ap-
12 pointed by the President by and with the advice and consent
13 of the Senate, (2) upon the condition that such official
14 consult with the Attorney General and the Chairman of
15 the Federal Trade Commission not less than ten days before
16 making any request or finding thereunder, and (3) upon
17 the condition that such official obtain the approval of the
18 Attorney General to any request thereunder before making
19 the request.

20 “(d) Upon withdrawal of any request or finding here-
21 under, or upon withdrawal by the Attorney General of his
22 approval of the voluntary agreement or program on which
23 the request or finding is based, the provisions of this section
24 shall not apply to any subsequent act, or omission to act,
25 by reason of such finding or request.

1 “SEC. 11. The President may transfer to the Adminis-
2 istration any functions, powers, and duties of any department
3 or agency which relate primarily to small-business problems.
4 In connection with any such transfer, the President may
5 provide for appropriate transfers of records, property, neces-
6 sary personnel, and unexpended balances of appropriations
7 and other funds available to the department or agency from
8 which the transfer is made.

9 “SEC. 12. No loan shall be made or equipment, facili-
10 ties, or services furnished by the Administration under this
11 Act to any business enterprise unless the owners, partners,
12 or officers of such business enterprise (1) certify to the
13 Administration the names of any attorneys, agents, or other
14 persons engaged by or on behalf of such business enterprise
15 for the purpose of expediting applications made to the Ad-
16 ministration for assistance of any sort, and the fees paid or
17 to be paid to any such persons; (2) execute an agreement
18 binding any such business enterprise for a period of two
19 years after any assistance is rendered by the Administration
20 to such business enterprise, to refrain from employing, ten-
21 dering any office or employment to, or retaining for profes-
22 sional services, any person who, on the date such assist-
23 ance or any part thereof was rendered, or within one year
24 prior thereto, shall have served as an officer, attorney,
25 agent, or employee of the Administration occupying a posi-

1 tion or engaging in activities which the Administration
2 shall have determined involve discretion with respect to
3 the granting of assistance under this Act; and (3) furnish
4 the names of lending institutions to which such business
5 enterprise has applied for loans together with dates, amounts,
6 terms, and proof of refusal.

7 "SEC. 13. To the fullest extent the Administration
8 deems practicable, it shall make a fair charge for the use
9 of Government-owned property and make and let contracts
10 on a basis that will result in a recovery of the direct costs
11 incurred by the Administration.

12 "SEC. 14. To effectuate the purposes of this Act, small-
13 business concerns within the meaning of this Act shall
14 receive any award or contract or any part thereof as to which
15 it is determined by the Administration and the contracting
16 procurement agency (1) to be in the interest of maintaining
17 or mobilizing the Nation's full productive capacity, or (2)
18 to be in the interest of war or national defense programs.
19 Whenever the Administration and the contracting procure-
20 ment agency fail to agree, the matter shall be submitted for
21 determination to the Secretary or the head of the appropriate
22 department or agency by the Administrator.

23 "SEC. 15. (a) Whoever makes any statement knowing
24 it to be false, or whoever willfully overvalues any security,
25 for the purpose of obtaining for himself or for any appli-

1 cant any loan, or extension thereof by renewal, deferment of
2 action, or otherwise, or the acceptance, release, or substi-
3 tution of security therefor, or for the purpose of influencing
4 in any way the action of the Administration, or for the
5 purpose of obtaining money, property, or anything of value,
6 under this Act, shall be punished by a fine of not more
7 than \$5,000 or by imprisonment for not more than two
8 years, or both.

9 “(b) Whoever, being connected in any capacity with
10 the Administration, (1) embezzles, abstracts, purloins, or
11 willfully misapplies any moneys, funds, securities, or other
12 things of value, whether belonging to it or pledged or other-
13 wise entrusted to it, or (2) with intent to defraud the Ad-
14 ministration or any other body politic or corporate, or any
15 individual, or to deceive any officer, auditor, or examiner of
16 the Administration, makes any false entry in any book, re-
17 port, or statement of or to the Administration, or, without
18 being duly authorized, draws any order or issues, puts forth,
19 or assigns any note, debenture, bond, or other obligation, or
20 draft, bill of exchange, mortgage, judgment, or decree
21 thereof, or (3) with intent to defraud participates or shares
22 in or receives directly or indirectly any money, profit, prop-
23 erty, or benefit through any transaction, loan, commission,
24 contract, or any other act of the Administration, or (4) gives
25 any unauthorized information concerning any future action or

1 plan of the Administration which might affect the value of
2 securities, or, having such knowledge, invests or speculates,
3 directly or indirectly, in the securities or property of any
4 company or corporation receiving loans or other assistance
5 from the Administration, shall be punished by a fine of not
6 more than \$10,000 or by imprisonment for not more than
7 five years, or both.

8 “SEC. 16. The Administration shall not duplicate the
9 work or activity of any other department or agency of the
10 Federal Government and nothing contained in this Act shall
11 be construed to authorize any such duplication unless such
12 work or activity is expressly provided for in this Act.

13 “SEC. 17. If any provision of this Act, or the applica-
14 tion thereof to any person or circumstances, is held invalid,
15 the remainder of this Act, and the application of such pro-
16 vision to other persons or circumstances, shall not be affected
17 thereby.

18 “SEC. 18. There are hereby authorized to be appro-
19 priated such sums as may be necessary and appropriate for
20 the carrying out of the provisions and purposes of this Act.

21 “SEC. 19. All laws and parts of laws inconsistent with
22 this Act are hereby repealed to the extent of such incon-
23 sistency.”

24 SEC. 3. The fourth paragraph of section 24 of the
25 Federal Reserve Act is amended (1) by striking out “or

1 the Small Business Administration” and “or of the Small
2 Business Act of 1953,” and (2) by adding at the end
3 thereof the following new sentence: “Loans in which the
4 Small Business Administration cooperates through agree-
5 ments to participate on an immediate or deferred basis under
6 the Small Business Act shall not be subject to the restrictions
7 or limitations of this section imposed upon loans secured by
8 real estate.”

85TH CONGRESS
1ST SESSION

H. R. 7963

[Report No. 555]

A BILL

To amend the Small Business Act of 1953, as amended.

By Mr. SPENCE

JUNE 6, 1957

Referred to the Committee on Banking and Currency

JUNE 13, 1957

Committed to the Committee of the Whole House on
the State of the Union and ordered to be printed

June 17, 1957
Digest 104

and negotiate with respect to the contracts, without regard to the provisions of the law relating to the making, performance, or amendment of such contracts. pp. 8396-97

18. FORESTRY. Passed over, at the request of Rep. Cunningham, S. 469, to authorize the U.S. to defray the cost of assisting the Klamath Indians to prepare for termination of Federal supervision and to defer the sales of tribal property, including timberlands. p. 8395
The Interstate and Foreign Commerce Committee issued a report on pulp paper and board supply demand pursuant to H. Res. 99, 85th Congress (H. Rept. 573). p. 8437
19. PUBLIC LANDS. Passed without amendment, H.R. 4635, to provide for the settlement and entry of public lands in Alaska containing coal, oil, or gas under Sec. 10 of the act of May 14, 1898. p. 8397
20. FISHERIES. Received from the Interior Department a proposed bill to facilitate the conduct of fishing operations in Alaska and to promote the conservation of its fishery resources; to Merchant Marine and Fisheries Committee. p. 8437
21. ORGANIZATION. Received a communication from the President "transmitting specific legislative recommendations relative to the Hoover Commission recommendations" (H. Doc. 197); to Government Operations Committee. p. 8437
22. GOVERNMENTAL RELATIONS. The Government Operations Committee issued its sixth report pertaining to replies from State and local governments to questionnaire on intergovernmental relations (H. Rept. 575). p. 8437
23. RECLAMATION. A subcommittee of the Interior and Insular Affairs Committee ordered reported H.R. 2147, to provide for the construction of the San Angelo reclamation project, Tex., and H.R. 6940, to reimburse owners of lands acquired under the Federal reclamation laws for their moving expenses. p. D538
24. SMALL BUSINESS. H.R. 7963, as reported (see Digest 102), would amend the Small Business Act to make the SBA a permanent agency, increase the authorization for loans to small business, make clear that it is the intent of Congress that small-business concerns shall obtain a fair proportion of all types of Government contracts, reduce the maximum interest rate on SBA loans from 6% to 5%, strengthen disaster-assistance programs by continuing eligibility of small-business concerns for loans in an area "affected by drought" even though the designation of the area as a drought area has been officially terminated, permit use of voluntary services of other Government agencies on a non-reimbursable (as well as reimbursable) basis, require consultation and cooperation with other Government agencies only to the extent that SBA deems necessary, provide for appeals to department heads if SBA and a contracting officer disagree, and replace the Loan Policy Board with a National Small Business Advisory Board.
25. PUBLIC WORKS APPROPRIATION BILL, 1958. As reported (see Digest 102), this bill, H.R. 8090, includes funds for the Army Corps of Engineers, Bureau of Reclamation, Southeastern Power Administration, Southwestern Power Administration, and Bonneville Power Administration. The committee report on the bill includes the following statements:
Cost-type budgets. "The budget of the Bureau of Reclamation was presented to the Congress on a cost basis. With respect to the great majority of the separate projects the obligational figure and the cost figure were either

the same or so little different that inquiry in the area was not necessary. The Committee does not doubt that the cost-type budget may be a very enlightening device for some purposes from a professional accountants standpoint, but it proved of no value to the Committee in its review process to curtail unnecessary expenditures or appropriations. The pressure of time on members of the Committee is such that it is difficult, if not impossible, to carve out the necessary hours of study in order to obtain an understanding of the complicated tables and supporting material presented in connection with this type of budget. The Department is instructed to submit its budget to the Congress in the future on an obligational basis only, as has been done in the past."

Rural electrification. "A recent decision of the Comptroller General provides that the Generating and Transmission Cooperatives holding integration contracts with the Southwestern Power Administration which were set aside in the fiscal year 1954, are entitled, under the terms of the contracts, to claim settlements covering the period that they were inoperative. The amount of such claims is estimated at \$1,766,579.50. The Committee has provided language in the bill which will make available the unused portion of the funds authorized from the continuing fund for fiscal years 1954 and 1956 for the settlement of such claims. While it is believed that there are sufficient unused funds in these two years to cover the cost of the claim settlements, the language provides that additional funds may be used out of the continuing fund during the fiscal year 1958 to make up any balances not covered by the unused excesses in the prior years."

ITEMS IN APPENDIX

26. **ELECTRIFICATION.** Extension of remarks of Rep. Knutson stating that the administration's proposal to increase interest rates on Government loans is "aimed directly at the family farmer's friend, REA," and inserting a magazine article on this subject. pp. A4797-8
Sen. Javits inserted an editorial dealing with the need for action in Niagara power and comparing it with St. Lawrence power. p. A4745
Rep. Engle extended his remarks and inserted an article and an editorial criticizing Secretary Seaton's revised report on the Trinity Power Proposal. pp. A4754-5
27. **FLOOD RELIEF.** Extension of remarks of Sen. Yarborough and insertion of a newspaper article stating that local disasters become national problems and that the long-range answer is through dams and reservoirs but urging immediate appropriations to operate the flood insurance program. pp. A4748-9
28. **COTTON.** Rep. Beckworth inserted a USDA tabulation on cotton production in the U.S. by cotton State, and county, 1955. pp. A4758-69
29. **STATEHOOD.** Various insertions favoring statehood for Alaska. pp. A4770, A4771-2, A4773, A4778
30. **FARM INCOME.** Rep. Allen inserted a newspaper article entitled "Illinois Farmers' Earnings in 1956 Are the Highest Since 1951."
31. **FARM PROGRAM.** Rep. Judd commended and inserted Secretary Benson's speech before the Minnesota Bankers Association meeting in St. Paul, Minn. pp. A4780-2

By Rep. Sullivan, Mo., 89 to 128, to establish a food stamp plan for the distribution of up to \$1 billion in surplus food a year to needy persons in this country (pp. 8777-83). This amendment was first offered as an amendment to the amendment by Rep. Thompson, La., and was ruled out on a point of order by Rep. Hoeven (pp. 8774-76).

Pending when further debate on the bill was postponed was an amendment by Rep. Kelly, N. Y., to reserve to Congress the determination as to whether a nation receiving benefits under the bill is friendly to the U.S. (pp. 8783-4).

15. TAXATION. Passed with amendments H.R. 7125, the proposed Excise Tax Technical Changes Act of 1957. pp. 8740-49

16. APPROPRIATIONS. Received the conference report on H.R. 6500, the D. C. appropriation bill for 1958 (H. Rept. 592). pp. 8784-85

17. SMALL BUSINESS. The Rules Committee reported a rule for consideration of H.R. 7963, to extend the Small Business Act of 1953. p. 8786

18. ELECTRIFICATION. Received from GAO an audit report of REA. p. 8797

19. ORGANIZATION. Received from the Budget Bureau a proposed bill "to amend the Government Corporation Control Act, as amended"; to Government Operations Committee. p. 8797

20. PLANT PESTS. Received a La. Legislature memorial requesting Federal aid in exterminating "certain ants and pests." p. 8798

21. PERSONNEL. The Post Office and Civil Service Committee ordered reported S. 1521, to exempt student trainee appointees from the Civil Service provision prohibiting the employment of more than two members of a family in the classified service. p. D557

ITEMS IN APPENDIX

22. FLOOD CONTROL. Rep. Scudder spoke in favor of the Middle Creek flood-control project, Lake County, Calif. and urged restoration of \$300,000 to the public works appropriation bill for this project. p. A4901

23. SOIL BANK. Rep. Springer stated that the Senate's vote to restore the soil bank makes sense and inserted an editorial pointing out the advisability of continuing the program for the three years. p. A4903

24. FOREIGN AID. Rep. Neal suggested that the outburst of popular criticism indicates the people are demanding that each and every phase of foreign spending be analyzed. pp. A4903-4

Rep. Haley inserted an editorial suggesting that 'we grow up about this whole business of giving our hard-earned dollars away.' p. A4930

Rep. Wolverton inserted an editorial: "While the United States Helps Others, Foreign Factories We Helped Rebuild Seem Gaining Competitive Advantage." pp. A4939-40

25. PUBLIC WORKS. Speeches in the House by Rep. Sikes and Rep. Aspinall during debate on the public works appropriations bill. pp. A4906-7, A4932-3

26. MINERALS. Rep. Baring criticized the administration's long range minerals policy program. pp. A4907-8

27. INFORMATION!. Several Representatives discussed the use of the words "Congress" and "Congressional" which might convey the false impression that certain publications are official publications of the U.S., specifically mentioning the Congressional Quarterly. pp. A4908-22
28. MINERALS. Extension of remarks of Rep. Collier commending action by the House in voting down funds for the tungsten program, and criticizing the submission and passage of so many supplemental appropriation bills. pp. A4934-5

HOUSE (Continued)

29. APPROPRIATIONS. H. Doc. 198 (see Digest 105) includes recommended items as follows: \$15,000,000 additional for the President's disaster relief fund "to provide sufficient reserve funds for meeting the requirements of future disasters calling for Federal assistance." \$2,200,000 (under President's Special International Program) for an exhibit of American life and industry at Moscow, Russia.

BILLS INTRODUCED

30. MINERALS. H.R. 8271, by Rep. Baring, to clarify the requirements with respect to the performance of labor imposed as a condition for the holding of mining claims on Federal lands pending the issuance of patents therefor; to Interior and Insular Affairs Committee.
H.R. 8272, by Rep. Baring, to stimulate the production of certain strategic and critical minerals; to Interior and Insular Affairs Committee.
31. PRICES. H.R. 8267, by Rep. Lane, to create an independent establishment to be known as the Consumers Protective Bureau; to Government Operations Committee.
32. CONTRACTS. H.R. 8277, by Rep. Celler, to amend the Clayton and Robinson-Patman Acts to include the sale of services by independent contractors; to Judiciary Committee.
33. PROPERTY. H.R. 8278, by Rep. King, to permit States or other duly constituted taxing authorities to subject persons to liability for payment of property taxes on property located in Federal areas within such State; to Interior and Insular Affairs Committee.
34. FISHERIES. S. 2349, by Sen. Magnuson, to facilitate the conduct of fishing operations in the Territory of Alaska, to promote the conservation of fishery resources thereof; to Interstate and Foreign Commerce Committee. Remarks of author. p. 8803

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COMMITTEE HEARING ANNOUNCEMENTS:

June 21: Extension of Public Law 480, S. Agriculture. Wilderness preservation bills, H. Interior. Mutual security authorization bill, H. Foreign Affairs. Foreign aid appropriations, H. Appropriations (exec). Full House Agriculture Committee on pending bills (exec). Federal employee pay bills, H. Post Office and Civil Service (BB to testify).

CONSIDERATION OF H. R. 7963

JUNE 20, 1957.—Referred to the House Calendar and ordered to be printed

Mr. O'NEILL, from the Committee on Rules, submitted the following

REPORT

[To accompany H. Res. 283]

The Committee on Rules, having had under consideration House Resolution 283, reports the same to the House with the recommendation that the resolution do pass.



85TH CONGRESS
1ST SESSION

House Calendar No. 77

H. RES. 283

[Report No. 590]

IN THE HOUSE OF REPRESENTATIVES

JUNE 20, 1957

Mr. O'NEILL, from the Committee on Rules, reported the following resolution;
which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That upon the adoption of this resolution it
2 shall be in order to move that the House resolve itself into
3 the Committee of the Whole House on the State of the
4 Union for the consideration of the bill (H. R. 7963) to
5 amend the Small Business Act of 1953, as amended. After
6 general debate, which shall be confined to the bill and con-
7 tinue not to exceed three hours, to be equally divided and
8 controlled by the chairman and ranking minority member of
9 the Committee on Banking and Currency, the bill shall be
10 read for amendment under the five-minute rule. At the con-
11 clusion of the consideration of the bill for amendment, the
12 Committee shall rise and report the bill to the House with

1 such amendments as may have been adopted, and the pre-
2 vious question shall be considered as ordered on the bill and
3 amendments thereto to final passage without intervening
4 motion except one motion to recommit.

House Calendar No. 77

85TH CONGRESS
1ST SESSION

H. RES. 283

[Report No. 590]

RESOLUTION

Providing for the consideration of H. R. 7963,
a bill to amend the Small Business Act of
1953, as amended.

By Mr. O'NEILL

JUNE 20, 1957

Referred to the House Calendar and ordered to be
printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 26, 1957
For actions of June 25, 1957
85th-1st, No. 110

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HIGHLIGHTS: House passed bill to make Small Business Administration permanent agency. House committee reported Alaska statehood bill. House received conference report on Labor-HEW appropriation bill. House received USDA proposed bill to provide for commodity loans without equity payments.

HOUSE

1. STATEHOOD. The Interior and Insular Affairs Committee reported without amendment H.R. 7999, to provide statehood for Alaska (H. Rept. 624). pp. 9159, 9215
2. FORESTRY. The Interior and Insular Affairs Committee reported without amendment H.R. 3358, to supplement the land grant provisions of the Alaska Mental Health Enabling Act to permit the selection of certain public lands in Alaska (H. Rept. 633); and H.R. 7864, to amend the Act of May 4, 1956 relative to the establishment of public recreational facilities in Alaska (H. Rept. 634). p. 9215
3. SMALL BUSINESS. Passed, 392 to 2, with amendment H.R. 7963, to make the Small Business Administration a permanent agency. (pp. 9161-64, 9166-9204, 9205-06). Rep. Patman offered, but later withdrew, an amendment which would have authorized SBA to make loans for works of improvement under the Watershed Protection and Flood Prevention Act (pp. 9200-01). For a summary of the provisions of the bill see Digest 104.
4. APPROPRIATIONS. Received the conference report on H.R. 6287, the Labor-HEW appropriation bill of 1958 (H. Rept. 636). pp. 9164-66, 9215

5. PRICE SUPPORTS. Received from this Department a proposed bill to authorize the CCC to acquire title to unredeemed loan collateral without obligation to make equity payments; to Agriculture Committee. p. 9215
6. FOREIGN AID. Received a GAO report on the examination of the U.S. assistance program for Korea as administered by the International Cooperation Administration and the Foreign Operations Administration from 1954 through 1956. p. 921
7. PERSONNEL. Rep. Rees spoke in favor of his bill, H.R. 8323, to establish a central Security Office to coordinate the administration of Federal personnel, loyalty, and security programs, and to prescribe administrative procedures for the hearing and review of cases arising under such programs. p. 9215
8. FEDERAL-STATE RELATIONS. Several Reps. commended the President's statement before the Governor's Conference on Federal-State relationships, and discussed possibilities of returning more Federal responsibilities to the States. pp. 9208-13
9. ATOMIC ENERGY. The "Daily Digest" states as follows: "The Digest of June 24 under 'Suspension Passages' incorrectly showed S. 2243, to amend the Atomic Energy Act of 1954 regarding authorization of appropriations, as being returned to the Senate. The bill was cleared for Presidential action by House passage without amendment." p. D574
10. LEGISLATIVE PROGRAM. Rep. Albert announced that the conference report on the Labor-HEW appropriation bill will be considered Wed., June 26; Rep. Andersen stated that the conferees on the Agricultural appropriation bill would meet Thurs., June 27, and he hoped that agreement could be reached and the report could be considered by the House on Fri., June 28. pp. 9204-05

SENATE

11. APPROPRIATIONS. A subcommittee ordered reported to the full Appropriations Committee H.R. 7599, the legislative appropriation bill for 1958. p. D572
12. FOREIGN AFFAIRS. The Foreign Relations Committee ordered reported without amendment S. 603, to require that all international agreements other than treaties be transmitted to the Senate within 60 days of execution. p. D572
13. ST. LAWRENCE SEAWAY. The Foreign Relations Committee ordered reported with amendment S. 1174, to increase the borrowing authority and defer the payment of interest on borrowings of the St. Lawrence Seaway Corporation. p. D572

ITEMS IN APPENDIX

14. COTTON. Rep. Lane inserted the vote of the board of directors of the Northern Textile Ass'n calling for a one-price system for cotton, "without any processing tax or similar device." pp. A5057-8
15. LIVESTOCK. Rep. Dorn spoke in favor of his bill to promote the development and use of improved methods for the humane handling, transporting, and slaughtering of livestock and poultry in interstate and foreign commerce. p. A5073
16. ELECTRIFICATION. Rep. Ullman inserted an editorial which carries the text of a letter written to the editor by Sen. Kefauver, "Light on Hells Canyon." pp. 5079-80

public concern. He was a faithful and efficient public official with a natural aptitude for the rendition of public service of the highest sort and character. He served the State of North Carolina in a manner which was commendable indeed, and I am sure it brought satisfaction to him and to his family, as well as to the people of that great State.

The Nation needs more men of his ability and character and it is only natural that we should mourn at the passing of such a useful public servant and citizen and such a warm and dependable friend.

PERSONAL EXPLANATION

(Mrs. KNUTSON asked and was given permission to address the House for 1 minute.)

Mrs. KNUTSON. Mr. Speaker, knowing I would have to be absent for the rollcall on H. R. 6974 to extend the Agricultural Trade Development and Assistance Act of 1954, I arranged to be paired thereon. Had I been present I would have voted "aye." My name appears in the RECORD for June 21, 1957, page 9003, rollcall No. 119, merely as "not voting," although I had made my wishes known that I desired to be paired "for."

SMALL BUSINESS ACT

Mr. O'NEILL. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 283.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 7963) to amend the Small Business Act of 1953, as amended. After general debate, which shall be confined to the bill and continue not to exceed 3 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

(Mr. O'NEILL asked and was given permission to revise and extend his remarks.)

Mr. O'NEILL. Mr. Speaker, I yield myself at this time 30 minutes, and at the conclusion of my remarks I yield 30 minutes to the gentleman from Massachusetts [Mr. MARTIN].

Mr. Speaker, I call up House Resolution 283 providing for the consideration of H. R. 7963, to amend the Small Business Act of 1953, as amended. The resolution provides for an open rule and 3 hours of general debate on the bill.

H. R. 7963 makes the Small Business Administration a permanent agency. It is the feeling of the Committee on Banking and Currency that if SBA is a permanent agency, it will strengthen all of the agency's small business programs.

The bill clarifies the provisions on procurement to make it clear that it is the

intent of Congress that small business concerns shall obtain a fair proportion of all types of Government contracts. The bill also requires the Administrator to establish a new definition of small business for procurement purposes by providing that when the number of employees is used as a standard for defining small business, the number shall vary from industry to industry to the extent necessary to reflect differing characteristics of such industries rather than applying the present 500-employee rule to all industries.

The business loan authority is increased \$500 million; the prime-contract authority, which has never been used, is reduced from \$100 million to \$25 million, and the authority for disaster loans remains the same—\$125 million.

The bill would reduce the maximum permissible interest rate in SBA's share of loans to small business from 6 percent to 5 percent. However, if a local bank is willing to make a loan at 6 percent interest the SBA will not entertain the loan application.

The present Loan Policy Board is replaced with a National Small Business Advisory Board made up of the Administrator of SBA, the Secretary of the Treasury, the Secretary of Commerce, and not less than 2 or more than 6 representatives of small business.

These are the principal provisions of the bill. There are several other provisions including provisions dealing with credit standards for business loans, broadened SBA programs, pool loans, and studies by SBA of matters affecting small business. These provisions, I am sure, will be fully discussed by members of the committee.

I urge prompt action on House Resolution 283 so the House may proceed to the consideration of H. R. 7963.

Mr. MARTIN. Mr. Speaker, I am in favor of the rule because it establishes an agency that can be of great value to the country.

The United States has become a great industrial country because it is a Nation of small businesses. The country does well to encourage them because they are the real foundation of our prosperity. This bill will be of material assistance and as one who has always been a supporter of small business I am glad to aid in the passage.

Mr. O'NEILL. Mr. Speaker, I yield 15 minutes to the gentleman from Texas [Mr. PATMAN].

(Mr. PATMAN asked and was given permission to revise and extend his remarks and include extraneous matter.)

SMALL BUSINESS

Mr. PATMAN. Mr. Speaker, the Small Business Administration Act is up for renewal, and it is proposed that it be made a permanent agency. Normally I would be in favor of a permanent agency to help small business, but at this time I am not in favor of a permanent agency, and I shall offer an amendment to make it expire in 2 years so that we can review what they have done 2 years from now and see whether or not it should be made a permanent agency or continued at all.

EQUALITY OF OPPORTUNITY

It is my sincere hope that small business concerns will be given equality of opportunity to the extent that they will not need special laws in their favor. I have never pleaded for special considerations and special privileges for small business. All I have ever asked for was the opportunity of the small man to compete with the big man under the same facts and circumstances without being discriminated against. That is all I have ever asked for the small concerns, is protection against being discriminated against.

To make a permanent agency of the Small Business Administration will be in effect saying that we except this problem to be with us always; that we do not see any hope for the solving of the problems relating to small business—that they have a chronic situation—and we are reconciled to the fact that we cannot help them; that we are just going to give them an agency that will be available to consider applications for loans and certain other things from here on out; that we have thrown up our hands; that we are not willing to say that their problems can be solved without an agency that is permanent.

SBA BETTER LAST YEAR

Now, I am not satisfied that this agency has made such an outstanding record that we should reward them by making the agency permanent. I will admit, and I commend the organization, the Small Business Administration, for doing a much better job the past year. For 3½ years preceding the last year I think the record was terrible, it was disgraceful, but last year it was heartening, and we are encouraged to believe that much more is being done and will be done for the small-business man, and I am perfectly willing and glad to state that a better job has been done the past year. But, still, a sufficiently good job has not been done to cause me to believe that we should reward them by making the agency permanent; in other words, I want something to offer the small-business people of this country that we will be more proud of in appreciation of their efforts and what they are trying to do.

SMALL BUSINESS BACKBONE OF COUNTRY

The small-business people of this country, as we know, are the backbone of the country. Even the Communists recognize that small business is our greatest bulwark against communism in the United States of America. I had the Library of Congress look up that quotation for me a few days ago and I want to read you what Lenin said. In a recent national broadcast, Lenin's name was mentioned as one of the so-called great Communist leaders by the present leaders of communism in Russia. I happened to remember what Lenin had said about the strength of small business in America and why it would always be impossible to have communism in America as long as small business is strong. This is the actual quotation:

LENIN QUOTATIONS ON THE STRENGTH OF SMALL PRODUCTION

The strength of capitalism lies in the strength of small production for, unfortun-

nately, small production still survives in a very, very large degree, and small production gives birth to capitalism and to bourgeoisie, constantly, daily, hourly, spontaneously, and on a mass scale—Lenin, *Left-Wing Communism, an Infantile Disorder* (1920), Selected Works (International Publishers, New York, 1943, volume X, page 60. (A discussion of one of the basic problems facing the Bolsheviks, the solution of this being a necessary prerequisite to their success.)

Source: Soviet World Outlook, A Handbook of Communist Statements, prepared by the Division of Research for U. S. S. R. and Eastern Europe, Office of Intelligence Research, Department of State, for the Coordinator of Psychological Intelligence, United States Information Agency.

I shall put this in the RECORD. In other words, communism will never have a chance in America as long as small business is strong. That is admitted by the Communist leaders.

SMALL BUSINESS WEAK

Small business today is weaker, relatively, than ever before. And the outlook for the future for the small-business man is not good; we know that. So we are opposed to communism. We are in favor of the capitalistic system. We want the capitalistic system to continue as we have had it in the past. But the capitalistic system depends upon the survival of the small-business man. There are 4 million small-business people in the United States. They are very important to our economy. When they are submerged or when they are destroyed, it jeopardizes the security of our entire Nation and particularly our economy. So we must give them some concern.

LOAN LIMITATION SMALL

I am not willing to say that the bill proposed is my appreciation of small business in the United States of America, wherein we offer them so little. We place a limitation of \$250,000 on loans. That will allow the little people to fight amongst themselves. They can fight all they want to amongst themselves, \$250,000 each. But it is not enough to allow them at any time to become competitors of a big-business man. In other words, we are saying, "We will let you fight amongst yourselves, we will let you have a little money, but we will not let you ever have enough to step on the toes of one single big-business man in the United States of America. We are going to keep you out of any field of the big-business man."

In national defense we have millions of gadgets that are manufactured, mostly by big-business concerns, because they are better able to manufacture these gadgets.

I am not criticizing or condemning business because it is big. I do not do that. I am not asking to destroy big business; no. I am only asking that the little man be given a fair opportunity together with the big-business man.

We have these public demonstrations by the Small Business Administration. They will have big charts and they will have samples of gadgets that can be made. The little-business man will pick out something and say, "I can make that in my shop." All right. He investigates, and he finds out he has to have

half a million dollars to equip his shop. If he were to get that half million dollars, he could make something that now General Motors or General Electric is making but would save the Government maybe 50 percent in the price. There would be enormous savings. But the SBA would have to say, "No, we can't let you have that much." Some of them would have to have a million dollars to equip their shops and plants. "No, we can't let you have that much. That is stepping on the toes of the big man. We can't go that far. Congress told us to stop, that we can let you have only \$250,000."

BROADER EXPERIENCE NEEDED

That is not my appreciation of the efforts of the little-business man in this country. We should never make an agency permanent when we are so restricting them as we are restricting them here. We should wait and have a greater and broader experience than we have had in the past before we make the agency permanent. We should know more about the good they are going to do. I think the test in passing legislation for the little man is, we can say, "Yes, I voted for the little man, I voted for this bill, I voted for that bill and that bill," but that is not the test. The test is, when did I vote for the little man when the legislation was opposed by the big man. That is the test.

It seems to me that a lot of people do not like the little man to have equality of opportunity, but this Congress has expressed itself a number of times in that direction. I do not know of a single Member of this body who is not in sympathy with the small-business man, but sometimes when these bills come up and there is a conflict of interest between the big man and the little man, as to whom we are going to vote for, that is the test.

The United States Chamber of Commerce is a great organization. I know they do lots of good. But, like all big national organizations, the big people who are qualified become leaders, they become the managers, and they direct the policy of the organization. It is no different from any other national organization like that that is old. It is working hard. The people who have the time to devote to meetings and go to conventions are the ones who become the lasting leaders. And who are they in these national organizations? They are the big-business men.

I do not condemn them for it. I recognize their importance. Big business has made a great contribution to the success of this country both in time of peace and particularly in time of war. I am not condemning them. I only want equality of opportunity for the little man.

A United States Chamber of Commerce man came to see me about something. I said, "Now, that enables me to bring up a point that I want to ask you about. I have never found the United States Chamber of Commerce on the side of the small-business man when there was a conflict of interest between the small-business man and the big-busi-

ness man. The United States Chamber of Commerce has always taken the side of the big-business man. I do not know of a single instance where it has ever taken the side of the little-business man in a case like that, where there was a conflict of interest."

He was a very sincere, conscientious person working at the United States Chamber of Commerce. He said, "I am going to take that up with our board and I am going to give you an answer, because there is bound to be an answer."

I met him 2 weeks later. I said, "Whatever happened to that request I made?" He said, "Well, I am certainly glad you mentioned it because just yesterday we had a board meeting and we discussed it nearly all day. We discussed the question that you brought up that the United States Chamber of Commerce always finds itself on the side of big business whenever there is a conflict of interest. We finally decided that that question could not be answered because it was just a trick political question." So there is no attempt made to answer it, but it is the truth. So whenever they begin to talk about little business and how sympathetic they are for little business, it would be well for them sometime in their career or in their history to be able to point to at least one time when there was a conflict of interest between the big ones and the little ones where they took the side of the little-business man when the little-business man was fought by big business. That is the test. Of course, you can always vote for a bill saying that you were for little business—this is for little business—this is for the benefit of little business. That is fine, but that is not the test. The test is whether you are doing enough for little-business men where they are opposed by the larger ones. I think we have done all right for the big people. I am not trying to take it away from them. I am not trying to do them any harm. All I want is to give the little man equality of opportunity. Not so long ago there was a banquet here in Washington. I think all Members were invited except one—I was not invited because I was supposed to be the victim, I assume. They were talking about me. It was about a bill that I have to amend the Robinson-Patman Act. They pictured that bill as a terrible thing. But, it is so simple—so simple. That bill would help the little-business man more than almost anything that this Congress could do. That bill is H. R. 11—or S. 11 in the other body.

S. 11

A bill to amend the Robinson-Patman Act with reference to equality of opportunity

DECLARATION AND PURPOSE OF POLICY

To reaffirm the national public policy and the purpose of Congress in the laws against unlawful restraints and monopolies, commonly designated "antitrust" laws, which among other things prohibit price discrimination; to aid in intelligent, fair, and effective administration and enforcement thereof; and to strengthen the Robinson-Patman Anti-Price Discrimination Act and the protection which it affords to independent business, the Congress hereby reaffirms that the purpose of the antitrust laws in prohibiting price discriminations is to secure equality of

opportunity of all persons to complete in trade or business and to preserve competition where it exists, to restore it where it is destroyed, and to permit it to spring up in new fields.

Be it enacted, etc., That subsection (b) of section 2 of the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1944, as amended (15 U. S. C. 13 (b)), is hereby amended to read as follows:

"SEC. 2. (b) Upon proof being made, at any hearing on a complaint under this section, that there has been discrimination in price or services or facilities furnished, the burden of rebutting the prima facie case thus made by showing justification shall be upon the person charged with a violation of this section, and unless justification shall be affirmatively shown, the Commission is authorized to issue an order terminating the discrimination: *Provided, however,* That unless the effect of the discrimination may be substantially to lessen competition or tend to create a monopoly in any line of commerce, in any section of the country, it shall be a complete defense for a seller to show that his lower price or the furnishing of services or facilities to any purchaser or purchasers was made in good faith to meet an equally low price of a competitor, or the services or facilities furnished by a competitor: *Provided further,* That nothing contained herein shall be construed to alter the law applicable to the absorption of freight or of shipping charges."

Please notice the last provision. It represents my views. The only time freight absorption is interfered with is when it is used for the purpose of price discrimination; that is by giving one merchant an advantage by paying his freight but refusing to pay the freight of his competitor across the street. As long as all competing customers are treated alike the law is not violated.

What does it do? It will really help the little man. It passed the House of Representatives by a vote of 393 to 3 a year ago. But, now it is being opposed by the big man. So the test will come. Here is a bill that will help little business which is now opposed by big business. Which side are we going to take? It is not often that we have a bill where there is a conflict of interest, but there is a bill here now. So this bill merely provides just exactly the same as we have provided with reference to railroad freight rates. Suppose a railroad were giving special discounts to certain shippers. You would not like it. The people of this Nation did not like it more than 70 years ago and they passed the Interstate Commerce Act. The Interstate Commerce Act says that whenever you ship over a railroad, you pay the same price per car and the same price per 100 pounds as anybody else pays. There is no discrimination. It provides that the carload rate will be the maximum discount on freight rates. Everybody is treated exactly alike. That is what the Robinson-Patman law is. It says to the big manufacturer who is selling to the retail stores in your hometown that they shall treat everybody alike. That is all in the world that it does. It says, "Mr. Manufacturer, when you come to my hometown and you have two representatives or outlets there in stores across the street from each other, and

one of them is a big interstate chain which has stores all over the Nation and the other one is owned by local people we want them treated in exactly the same way on prices they pay for their merchandise that you treat the interstate chain on the basis of the same facts and circumstances. We are willing for you to make a difference in the price where there is a difference in the quantity or there is a difference in the cost of manufacture or a difference in the cost of delivery—that is perfectly all right. But do not discriminate against our hometown man and give the other person an advantage over him, which is not justified by any difference in cost of manufacture, sale, or delivery." That is the Golden Rule. That is nothing but the Golden Rule. How can you fight the Golden Rule? Suppose the Post Office Department was discriminating against people in the delivery of the mail? You would not like that. That bill is just a bill to prohibit discrimination against the little man. It is not a bill to give him an advantage or an unfair advantage or an unequal opportunity.

It is a bill guaranteeing equality of opportunity, and that is exactly all there is to it. The big man says they do not want it. Why? All of them are not that way; most of them want the law. Most people want it because it protects them against the chiseler.

A lot of the big people complain that the chiselers make them, compel them, to give discounts they do not want to give. This law protects them from it, and they thank Congress for passing the law. It helps them.

CHISELERS, CHEATERS, AND RACKETEERS

But there are certain people who like to be chiselers—there are not many; there are just a few—chiselers, cheaters, racketeers. They do not like the Golden Rule bill. They want the privilege of making discounts and unearned allowances, under-the-table settlements, and dishonest money passing. There are not many of them, but remember this, Mr. Speaker, that laws are made for the exceptions; they are not made for the general rule.

The general rule of people are law-abiding people. You do not need laws for most of them; you pass laws only for the exceptions, and the exceptions among the big-business people who are manufacturers and sellers to the hometown merchants, the exceptions are some cheaters, some chiselers, and a few racketeers—not many, just a few, but enough to destroy many small-business people, and that bill will help them more than anything else.

HIGH INTEREST CAUSES INFLATION

Another thing that small-business people need is a relief in taxes, and I could mention other things, but the worst thing that is hitting all America today is high interest. High interest causes high cost; high cost causes high prices; high prices cause high inflation.

I wish we had here a committee that would take it upon itself to investigate this problem and not say that the lender is so sacrosanct that we cannot even call his name, that interest is such a

sacred word that we cannot mention interest. I wish we had an investigation made by people who are not timid here in this House, who are not shy, and who are willing to call a spade a spade, and who are willing to point their fingers at the people who are actually causing the inflation by causing higher and higher interest rates.

Mr. MARTIN. Mr. Speaker, I yield such time as he may desire to the gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. Mr. Speaker, in view of the speech just made by my very eminent and highly respected friend, I think some answer should be made in the way of a review of the history of this thing. It is familiar to some of the Members, but it might possibly be new to others, especially the newer Members.

Seventeen or eighteen years ago, after the outbreak of hostilities in Europe it became apparent that the impact of an increasing defense effort was jeopardizing the small business of this country.

At the time, and I think it was 1939, our minority leader, Mr. MARTIN, of Massachusetts, who was then minority leader, created a Small Business Committee. It was a Republican Small Business Committee. He made me chairman of that committee. We undertook to hold some hearings around the country. They were very illuminating, and, I think, very helpful. They attracted a lot of interest. After that time the gentleman from Texas introduced a resolution for the creation of an official Small Business Committee of the House of Representatives. That resolution was adopted and the committee was created.

He became the chairman of that committee and I became the ranking Republican member of the committee. I served in that position until I became majority leader of the 80th Congress, at which time I relinquished my membership on that committee.

May I say that throughout the years we did things that were useful for small business. Sometimes I disagreed with my chairman [Mr. PATMAN]. On many things we did agree. He has mentioned one thing here that I would like to discuss briefly. He has mentioned the bill, S. 11. He speaks of it in connection with the Robinson-Patman Act. You are undoubtedly getting a lot of communications with reference to S. 11 and this bill. I supported the Robinson-Patman Act. I was here when it was written into law. I think that these unfair discriminations in respect to prices among distributors should be prohibited. But the gentleman from Texas has had something else he consistently adds to that, sometimes out in the open and sometimes where you cannot see it so clearly.

If I understood him correctly, through the years he has been very much of an advocate of the abolition of so-called freight absorption. To explain, many manufacturers in this country have a policy of quoting a delivered price and they adjust that out of the freight. That is, they absorb the freight charges. Let me show you how it works. You talk about what favors the big man and you

talk about what favors the small man. Here is a big soap company with manufacturing plants all over the United States. They are producing in the consuming area, their freight charges are not high. But here is one little soap company that is located in your hometown or my hometown. It advertises nationally, it sells all over the country. Why, they cannot sell a bar of soap in one place for 15 cents and in another place for a dime. In order to compete with the big company they have to be permitted to absorb freight. The whole economy of this country has been built on that sort of program. I say when we begin to tinker with that we tinker with something that is a very delicate matter.

Mr. PATMAN. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Texas.

Mr. PATMAN. May I urge the gentleman to consider the bill that is pending. S. 11 does have a specific provision against anything that interferes with the basing point system. The gentleman is clearly wrong about that, I will say to him. This does not affect it, and I am opposed to that, like the gentleman.

Mr. HALLECK. I well recall when we were having those recurring fights over the so-called basing point system that the gentleman was an open advocate of the elimination of freight absorptions; is that not correct?

Mr. PATMAN. Only where it involved price discrimination, where they were using it as a means to discriminate against a local merchant. I am against that when it is used as a means for discriminating in price.

Mr. HALLECK. The gentleman has said the chamber of commerce is always on the side of the big fellows. There are chambers of commerce in Lafayette, in Valparaiso, in Warsaw, Ind., all in my district. There are a few big concerns with plants in 1 or 2 of those towns, but the 800 or 900 members of the Chamber of Commerce of Lafayette, Ind., are not big-business people. They have their choice. So let us keep this thing where it ought to be. I did not get permission to speak out of order, and the gentleman from Texas did not get permission to speak out of order, but S. 11 has nothing to do with the measure that is before us.

Mr. PATMAN. I will state it does have something to do with it because it involves small business.

Mr. HALLECK. We are setting up here a Government agency. The gentleman objects to it because it is a permanent agency.

I would like to recount a little more history with the gentleman on that very point. He will recall with me that when we established the Small Business Committee we saw that shortages of material were handicapping small business. These firms were not getting the part of the defense effort they should have had. So we decided something ought to be done. I have heard the gentleman say a hundred times, and I have said it myself, that the big fellows have their people in Washington to plead their case.

The small-business man generally cannot do that.

What did we do, I ask the gentleman from Texas? We set up a separate small-business operation, the Small Defense Plants Corp. Then we had a Smaller War Plants Corp.

Mr. PATMAN. The Smaller War Plants was the first one.

Mr. HALLECK. Let me remind the gentleman from Texas I stood with him at that time and I have not changed my mind since. I might also say to him that there have been some vigorous arguments about it in some places.

But I thought that we needed a separate organization to avoid what otherwise might be the domination of the very interests that you seem to fear.

Now, there have been contentions lately that the present small business organizations should be merged in the Department of Commerce. There are many responsible people who urge that there should be no duplication; that everybody should be treated alike in the one department. Personally, I have opposed that because I believe there is a place for this kind of small business organization.

Now, you can see from that, and the fact that the gentleman from Texas through the years stood with me on that proposition, or I stood with him—let us put it the other way around—I am nothing less than astounded that he would now come in here, when it was sought to set this organization up on a permanent basis, recognizing, of course, that at any time the Congress wants to terminate it, it could terminate it—but to find some sort of a question why he cannot go along with this legislation.

Now, I say in all frankness that it would seem to me that he was seeking to read a very definite implication that somehow or other since President Eisenhower has been in office and for 2 years the Republicans had control of the Congress—that somehow or other that bodes ill for small business. I just do not happen to feel that it does. So, feeling that way about it, I do not see why there should be any reason why this should not be made permanent because, again, let me remind the Members of the House that through the years back there long before this administration ever came into power, when I am sure we had administrations that the gentleman from Texas would argue were all for small business, we found it necessary not only to enact specific legislation but to continue the establishment of a special small business corporation to look after the interests of small business. So, why now confuse the issue. Why not go along with this program that I say is a sound one. Here is a chance to prove whether or not you are on the side of small business. Here is a chance to say to small business, "We think you ought to have special consideration. We are going to see to it that you have it so far as it is within our power to see that you get it." And I might say if the \$250,000 is not enough for the loan maximum, why it is perfectly simple to offer an amendment to increase it, and I am not so sure that I

would not go along with it. But somewhere there comes a line that we have to draw.

Mr. PATMAN. Mr. Speaker, if the gentleman will yield, I expect to offer an amendment to take the limit off, just like it is on all other concerns.

Mr. HALLECK. Well, I do not think I would buy that one. I do not think I would go sled length on that. Frankly, I will say to the gentleman, in my State there is a great automobile corporation, Studebaker, which has been in existence for a long time, now teamed up with Packard. I want them to get along; I want them to do well, and I hope they will survive in the competition with others. I do not know whether you would have this corporation loan them enough money to insure their staying in the picture or not, I do not know. But I say that somewhere you have to draw the line, and I say it is high time we make it clear that we are in favor of small business, and I think this legislation is one place where, by staying with it, you can establish that very fact.

Mr. O'NEILL. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

CALL OF THE HOUSE

Mr. VAN PELT. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 121]

Bailey	Cooley	McConnell
Barden	Dawson, Ill.	May
Beamer	Grant	Norrell
Blich	Gray	Powell
Bonner	Griffiths	Roosevelt
Bowler	Holifield	Shelley
Boykin	Holtzman	Taylor
Brownson	Kearney	Vursell
Buckley	Kirwan	Wilson, Ind.
Christopher	Krueger	
Colmer	Lipscomb	

The SPEAKER pro tempore. On this rollcall, 398 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE APPROPRIATION BILL

Mr. FOGARTY. Mr. Speaker, I ask unanimous consent that the managers on the part of the House may have until midnight tonight to file a conference report on the bill, H. R. 6287, making appropriations for the Departments of Labor and Health, Education, and Welfare.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

The conference report and statement follow:

CONFERENCE REPORT (H. REPT. No. 636)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6287) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1958, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 33, 42, 43, and 45.

That the House recede from its disagreement to the amendments of the Senate numbered 11, 12, 13, 14, 15, 16, 20, 21, 24, 28, 33, 40 and 41, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1 and agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment, amended to read as follows: "of which not more than \$180,000 shall be for international labor affairs"; and the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$2,121,000"; and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment, amended to read as follows: "together with not to exceed \$200,000 to be derived from the highway trust fund created by section 209 of the Highway Revenue Act of 1956"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$5,958,000"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$259,814,000"; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$2,250,000"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$7,200,000"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$50,000"; and the Senate agree to the same.

Amendment numbered 25: That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following: "purchase of not to exceed fifty passenger motor vehicles for replacement only"; and the Senate agree to the same.

hicles for replacement only"; and the Senate agree to the same.

Amendment numbered 26: That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$40,100,000"; and the Senate agree to the same.

Amendment numbered 31: That the House recede from its disagreement to the amendment of the Senate numbered 31, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$56,402,000"; and the Senate agree to the same.

Amendment numbered 32: That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$39,217,000"; and the Senate agree to the same.

Amendment numbered 34: That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$35,936,000"; and the Senate agree to the same.

Amendment numbered 35: That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$20,385,000"; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$21,387,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 2, 6, 8, 17, 18, 22, 23, 27, 29, 30, 37, 39, 44, 46, and 47.

JOHN E. FOGARTY,
HENDERSON LANHAM,
WINFIELD K. DENTON,
CLARENCE CANNON,
JOHN TABER,
MELVIN R. LAIRD,

Managers on the Part of the House.

LISTER HILL,
DENNIS CHAVEZ,
RICHARD B. RUSSELL,
WARREN G. MAGNUSON,
JOHN STENNIS,
JOHN O. PASTORE,
EDWARD J. THYE,
MARGARET CHASE SMITH,
HENRY C. DWORSHAK,
CHARLES POTTER,
IRVING M. IVES,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House, at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6287) making appropriations for the Departments of Labor and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1958, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

TITLE I—DEPARTMENT OF LABOR

Office of the Secretary

Amendment No. 1—Salaries and expenses: Inserts limitation of \$180,000 on the amount which may be used for international labor affairs, instead of the limitation of \$170,000 proposed by the House and stricken by the Senate.

Amendment No. 2—Salaries and expenses: Reported in disagreement.

Office of the Solicitor

Amendment No. 3—Salaries and expenses: Appropriates \$2,121,000 instead of \$2,021,000 as proposed by the House and \$2,191,000 as proposed by the Senate.

Amendment No. 4—Salaries and expenses: Appropriates \$200,000 to be derived from the Highway Trust Fund created by section 209 of the Highway Revenue Act of 1956, instead of \$365,000 as proposed by the House and stricken by the Senate.

Bureau of Employment Security

Amendment No. 5—Salaries and expenses: Appropriates \$5,958,000 instead of \$5,558,000 as proposed by the House and \$6,000,000 as proposed by the Senate.

Amendment No. 6—Salaries and expenses: Reported in disagreement.

Amendment No. 7—Grants to States for Unemployment Compensation and Employment Service Administration: Appropriates \$259,814,000 instead of \$249,814,000 as proposed by the House and \$260,000,000 as proposed by the Senate.

Amendment No. 8—Grants to States for Unemployment Compensation and Employment Service Administration: Reported in disagreement.

Amendment No. 9—Salaries and expenses, Mexican farm labor program: Appropriates \$2,250,000 instead of \$2,236,200 as proposed by the House and \$2,500,000 as proposed by the Senate.

Bureau of Labor Statistics

Amendment No. 10—Salaries and expenses: Appropriates \$7,200,000 instead of \$7,124,000 as proposed by the House and \$7,225,000 as proposed by the Senate.

TITLE II—DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Food and Drug Administration

Amendment No. 11—Salaries and expenses: Authorizes the purchase of not to exceed 89 passenger motor vehicles of which 51 shall be for replacement only as proposed by the Senate.

Amendment No. 12—Salaries and expenses, certification, inspection, and other services: Authorizes not to exceed 4 passenger motor vehicles for replacement only, as proposed by the Senate.

Office of Education

Amendments Nos. 13, 14, 15, and 16—Promotion and further development of vocational education: Appropriate \$33,750,081 as proposed by the Senate instead of \$33,442,081 as proposed by the House and insert language proposed by the Senate to provide that \$80,000 of the increase of the Senate shall apply to vocational education in Guam and \$228,000 of the increase shall be applied to vocational education in the fishery trades.

Amendment No. 17—Promotion and further development of vocational education: Reported in disagreement.

Amendment No. 18—Grants for library services: Reported in disagreement.

Amendment No. 19—President's Committee on Education Beyond the High School: Appropriates \$50,000 instead of \$200,000 as proposed by the Senate.

Public Health Service

Amendment No. 20—Assistance to States, General: Appropriates \$22,592,000 as proposed by the Senate instead of \$19,592,000 as proposed by the House.

Amendment No. 21—Communicable diseases: Appropriates \$6,250,000 as proposed by the Senate instead of \$6,200,000 as proposed by the House.

Amendment No. 22—Grants for waste treatment works construction: Reported in disagreement.

Board, as now constituted, does not do? That Board, you know, is made up of the Administrator, the Secretary of the Treasury, and the Secretary of Commerce. The Policy Board does not supervise the SBA. It does not manage the SBA. It does not review the loans. It does not make any determination as to what loans shall be made.

Then, what does it do? It does two things. It formulates general policies for the SBA to follow. Secondly, it coordinates the policies of the SBA with the policies and activities of other agencies of Government. It seems reasonable, keeping in mind that the money lent by SBA is taxpayers' money, money from the Treasury, that lending policies should be adopted with care and coordinated with policies of other Government agencies.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. TALLE. Mr. Chairman, I yield myself 5 additional minutes.

Mr. Chairman, I repeat that the SBA deals with taxpayers' money. In the second place, it is the business of that agency to see to it that it does not lend taxpayers' money unless it is in the public interest that it do so. The agency, in my opinion, has followed that policy scrupulously. Would it not seem reasonable, too, that a board of that character should be made up of people who know what the other activities and policies of the Administration and of our Government may be? However, in the opinion of the majority of the Committee on Banking and Currency, a revision is proposed and the chairman of that committee has pointed out what that revision is.

Let us now look at the criteria that are kept in mind when SBA lends money, for those are the criteria that are used in all good financial management. In textbooks on money and banking they are usually referred to as the three C's. Those three C's are character, capacity, and capital. Obviously, the most important criterion is the character of the borrower. It matters not what other considerations might enter into the picture, if the borrower is not of good character the loan would not be safe. Then there is the ability to carry on the business successfully which is the capacity part of the three criteria and, finally, the borrower should have enough capital himself so that with what he has and with what he can borrow he will have a favorable chance for successful operation of his business.

There are some other functions that SBA performs. Let me mention those briefly. For instance, it assists small business in giving good financial counsel. That is not unimportant. It explores means for the borrower to get money from other lenders so that SBA is not competing with private business. It steps in when small business cannot get money deservedly and under reasonable terms from other sources. The Small Business Administration looks into the accounting of these firms with a view to helping them, in the event that their accounting is bad, or that their auditing procedures are defective. In addition, it

assists small business in getting defense contracts.

Now, inasmuch as time is rather short, some other matters that might well be discussed will be passed over. I will not enter into the difference between what is called deferred participation loans and immediate participation loans or say anything about direct Government loans. But, may I point out, that the SBA has been very successful in getting banks and private lenders to participate, because 70 percent of the loans made by SBA have been participation loans and banks in every State of our Union have joined with SBA in that form of lending, as well as in Alaska, Hawaii, Puerto Rico and the District of Columbia. So, you see participation loans are popular, and SBA is proceeding to carry on that aspect of its business very well.

Time being so important, may I turn now to one change in the bill which I would like to propose, and that is the matter of definition. I wonder how many of us in the Congress of the United States, 531 in both Chambers, would like to carry out the assignment that this bill proposes. There may be a good many people who know how to do it, but I think most of us would confess that we do not know how to define small business. There are so many things in life, you know, that we understand, but if we are asked to define them we may have considerable trouble. Accordingly, may I devote some time now to the definition of small business.

It reminds me of what a friend once said when he was trying to describe something that was very small. He said, "It ain't so big as nothing hardly." A business may start, you know, as a rented peanut wagon on the street. Then the man becomes an owner. Then later he occupies a little cubicle in a store. In good time he owns the building, and later on, like Mr. Penney, he may have chain stores in every State of the Union. It is normal for a thing to be small at the start and grow to be big.

Now, about the definition of small business:

There is one provision in the bill which is bound to cause a great deal of trouble. This provision would require a change in the definition of small business for procurement purposes and require that the changed definition be put into effect within 30 days after the enactment of the bill. Basically the existing definition of small business for procurement purposes is determined by a test as to whether or not a concern has more or less than 500 employees. Such a definition has been in effect for procurement purposes for the past 15 years. Over the years there has been some refinement in it, such as the requirement that the concern be nondominant in the field of operation and that an exception be made if the Small Business Administration determines that despite the fact that the firm may have over 500 employees it still, in effect, is a small business when consideration is given to the specific product which it produces and wishes to sell to the Government. Basically, however, the procurement test is 500 employees.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. TALLE. I yield to the gentleman.

Mr. MORANO. I have a little firm in Stamford, Conn., which started just the way the gentleman illustrated, as a small business, and has worked up to a point where it now hires over 500 people. The name of the firm is Consolidated Diesel. I have been unable to get a determination from the Small Business Administrator as to whether or not this firm is dominant in the field. I do not think it is. I do not know whether the amendment that the gentleman is talking about would cover a firm such as this.

Mr. TALLE. I will say to the gentleman that what I am attempting to point out is the difficulty that arises when a certain definition is applied to two situations that are unlike. It may serve well for one situation but not for the other. I should like to proceed with my statement, if I may, at this time.

Mr. MORANO. I would like the Administrator to decide this question sometime.

Mr. TALLE. I shall be very glad to cooperate with the gentleman in solving that matter, if I can.

Mr. MORANO. I may need the gentleman's cooperation.

Mr. TALLE. Insofar as I can be helpful, I shall be glad to cooperate with the gentleman.

Over the years SBA has developed a definition of small business for purposes of loan assistance. Under the financial definition a business may be small or large with the number of employees varying all the way from 250 to 1,000 employees. There is where you get into trouble. The procurement definition says 500 employees or less. The financial definition is 250 to 1,000. If you use the financial definition for both, you are in trouble.

The bill provides that unless the SBA comes up with a new definition of small business for procurement purposes within 30 days, then the existing financial definition would also be made applicable for procurement purposes. Should the financial definition be put into effect for procurement purposes, it is sure to cause a lot of trouble and complaints from small-business firms. A small-business concern with 450 employees is now eligible for Government procurement. Under the financial definition there will be cases in which such a firm would no longer remain eligible because under the financial definition a concern making that particular product would be considered big business if it had more than 250 employees. Such firms, made ineligible for procurement purposes by the change in definition, will I am sure be writing to their Congressmen to find out why they have been cut off from procurement under the set-aside program.

Use of the financial definition for procurement purposes will have another effect. Under the financial definition some firms are small-business firms even though they have more than 500 employees but do not exceed 1,000. In other words, use of the financial definition for procurement purposes will make eligible

for procurement certain concerns which are now not eligible. This, of course, will intensify competition for the smaller business concerns. Whereas now a small-business concern with 300 employees has to compete only with other concerns with 500 or less employees in connection with procurement awards, in many instances, the small-business concern is going to find that, after the change in the definition, it has to compete with firms with up to 1,000 employees. I think Members will be receiving letters of complaint from smaller firms so affected.

An attempt to apply the financial definition for procurement purposes overlooks certain basic facts. A definition for financial assistance readily lends itself to industry classifications. The SBA uses 452 such industry classifications. Furthermore, in the process of determination, if financial assistance should be extended to a small-business concern, considerable information is developed on a specific company basis, which enables the SBA, the only Agency involved, to determine if the company is a small-business concern. Currently, the SBA is making about 3,500 business loans a year.

Let us look at the problem of procurement. Approximately 50,000 manufacturers are competing for Government procurement, and there are 14 Government agencies involved with procurement. Procurement, of course, is done on an individual product and commodity basis. While I do not have figures on the number of items involved in Government procurement, yet I do recall that during the war the statement was made that the Department of Defense alone purchased over a million separate products and items. In many cases one small-business firm alone may produce hundreds of different items involved in Government procurement, and it may in fact be selling to the 14 separate procuring agencies.

The point I am making is that the problems involved in financial assistance and in procurement are vastly different. I suspect that the definition problem would be analogous to the differences and difficulties encountered by deciding that a 2-inch wire-mesh container was a satisfactory container for oranges and then attempting to use the same container for dried shell beans. It is obvious the container would be satisfactory for oranges but just would not work for the beans.

Even granted that improvement can be made in the definition of small-business concerns for procurement, I think the provision in the bill requiring that this be established and placed in effect within 30 days is most unreasonable. It just is not possible to place a new definition in effect within that period of time. Any new definition must be promulgated by the SBA. The Department of Defense and other procuring agencies must issue appropriate regulations relating to the definition, and then the Department of Defense and other procuring agencies must implement them through the chain of command down to the contracting officer. For the life

of me, I cannot understand why, after 15 years, it is now proposed that a change must be made within 30 day's time.

When the bill is being read for amendment, I propose to offer an amendment changing this 30-day period to 90 days, so that the SBA and the Government procuring agencies may have a reasonable time to develop and put into effect a new procurement definition without completely disrupting the entire Government procurement program.

Mr. Chairman, finally, I should like to say a word about the anomalous situation we are in. We are in favor of small business, all of us. The smallest business I first knew was the farm, the homestead, which my grandfather got from Uncle Sam. The next in order was a crossroads general store that my uncle ran. He sold there everything from baby shoes, calico, tobacco, and candy, to neck yokes, whiffletrees, clevises, binder twine, and buggy whips. That was in addition to the groceries that were sold over the counter in return for eggs that were brought in by farmers. That enterprise has never gotten to be big but it has always been a successful one. Not all small businesses have a desire to be big, but they can be successful anyhow. The reason why businesses have grown from a small size to a large size is that they have been alert to their opportunities. They have managed well. They have made profits. They have accumulated earnings and those earnings have been plowed back into the business. That is the normal, historical development for business in the United States. But what happens now? Within latter years, the tax rate has been so high on business and it has been felt so keenly, especially by small business, that instead of building on its own earnings and growing in the normal American way, small business has to pay a large share of its earnings into the Treasury of the United States. Then the money travels from the Treasury to the Small Business Administration. Thereupon, the businessman who paid his taxes makes an appeal to the SBA for a loan. The normal thing would be that this small-business man would build on his own earnings. But, he cannot do that with the tax rate as it is. So, I submit to my colleagues that the really effective and long-time remedy that we can give to small businesses is to see to it that the earnings they make are in large degree kept by the people who make them. Then they will be able to build and flourish on their own earnings, and there will no longer be need for them to go to Washington, D. C., to borrow money on which freight is paid from out yonder to Washington and from Washington back yonder.

Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. The gentleman from Iowa [Mr. TALLE] has consumed 30 minutes.

Mr. SPENCE. Mr. Chairman, I yield 15 minutes to the gentleman from Georgia [Mr. BROWN].

(Mr. BROWN of Georgia asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Georgia. Mr. Chairman, the aim of H. R. 7963 is to provide an opportunity for small business to develop and make its maximum contribution to the national economy.

It rewrites the Small Business Act, making various changes in the interest of promoting a more vigorous and efficient program of assistance to small business. The principal changes are, first, to make the Small Business Administration a permanent agency; second, to increase the authorization for loans to small business; third, to provide for a more equitable share of Government procurement for small business; fourth, to reduce the interest rate on direct SBA business loans and on SBA's share of such loans made in participation with private lenders and to eliminate the ceiling on the interest rate on the private lender's share; and fifth, to replace the Loan Policy Board with a National Small Business Advisory Board. In the committee I did not favor changing the Loan Policy Board.

Small business is a symbol of opportunity, enterprise, innovation, and achievement. It is an independent way of life, standing for something quite essential to our freedom. In terms of dollars and people it occupies such a large portion of our economy that this country could not exist as it is today without this healthy, pulsating, and profitable small-business segment. Just how important these 4 million small businesses are to the economy of this country is pointed up by the fact that they are owned by approximately 7 million business men and women. They employ an estimated 30 million persons, including owners, managers, and executives.

The strength and vitality of our economy is based on the fact that new small firms have been started each year and that established small concerns have grown into large business. Such a climate for business enterprise can only be sustained when there is equality of opportunity among firms of different sizes, where it is the hope of every person entering business that they can grow and prosper. We in Congress are trying to keep these incentives alive and to assure that there is equal opportunity for those who are willing to risk their time and money in a business venture. Every Member here knows the importance to the communities in his district of small firms manufacturing in, and servicing these areas. Every Member also knows the invaluable contribution made by small firms to our national economy.

On at least three occasions, the Congress has deemed it necessary, however, to assist small firms by specific legislation. During World War II the Smaller War Plants Corporation was set up to assure small business of more equitable procedures and greater opportunities in Government procurement. Again in 1952 the Small Defense Plants Administration was established to provide assistance to small firms engaged in production for the Korean war. In 1953 Congress established the Small Business Administration as the first peacetime

agency devoted exclusively to providing assistance to small business. The procurement, technical, and lending programs of former agencies were continued under this new agency.

The reasons for the establishment of SBA were obvious. Small firms were unable to obtain necessary credit from private sources, or to secure a fair proportion of Government contracts. Small firms had no representation on policy level in the Federal Government nor could they afford to have representatives either in Washington or throughout the country. Finally, these same firms were in need of technical and management assistance with which to maintain or improve their competitive position. In every sense the Small Business Administration is the advocate and spokesman for small business in the executive branch of our Government.

After getting off to a disappointing start, SBA's business loan program has sharply increased in recent months. Of the total loan approvals, roughly 45 percent—both by number of loans and dollar volume—occurred in the current fiscal year.

Through April 30, 1957, SBA had approved 6,443 business loans, in a total amount of \$295 million. SBA's share of these loans—including direct loans and immediate and deferred participations—amounts to \$245 million; the balance of the loans are made by private lenders. Of this amount, \$191 million had actually been disbursed through April 30, of which SBA's share amounted to \$158 million. SBA's disaster loan approvals through April 30, 1957, total \$63 million, of which SBA's share amounted to \$60 million.

SBA's losses on its lending program through May 13, 1957, amount to \$102,377.27. This is the total amount charged off, and involved six loans.

SBA's assistance to small business in obtaining a fair share of Government contracts is perhaps best illustrated by figures on procurements set aside for small business. The joint setaside program is carried out by SBA with the cooperation of Government agencies charged with procurement. SBA's representatives assigned to major Government purchasing offices review proposed purchases, determine the type of facilities needed to produce the items, evaluate the prospects for small-business competition, and advise procurement officials of those which they believe should be earmarked for competition exclusively among small firms. With the agreement of the contracting officer, all or part of the order is then set aside for small business. Through March 25, 1957, a total of 19,123 procurements had thus been set aside, in a total amount of \$1,619,593,650.

It is generally agreed, I believe, that nearly everyone who has made any study of the problems of small businesses has found that adequate, sound financing is one of their most pressing problems.

I have known of many instances of small firms in my district—and I am sure all of you know of similar cases—where the management and ownership of a small firm is capable and enterprising, but where the firm is seriously

handicapped by this lack of adequate financing. It is therefore unable to take full advantage of the opportunities opening up before it—to create more jobs and to play a more vital role in our expanding economy.

To help meet this financing need, the Congress authorized the Small Business Administration to make business loans under certain conditions. It is important, I think, to understand these conditions.

The law provided that business loans could be made only in those cases where financing was not available on reasonable terms from private sources. It was clearly the intent of Congress that every effort first be made by the concern itself, or the individual as the case may be, to secure private financial assistance. In this effort the SBA could offer its facilities if requested to do so. If the continued efforts of the applicant and the Small Business Administration were unsuccessful the next step is to arrange a bank-participation loan on a deferred basis, if that be possible. Finally, if these efforts failed, the Small Business Administration then had the authority to consider and to arrange an immediate participation or a direct Government loan.

The Small Business Act now authorizes SBA to make business loans in amounts up to \$230 million outstanding and disaster loans up to \$125 million outstanding. SBA may also take Government contracts, in amounts up to \$100 million outstanding, for subcontracting to small-business concerns, but this authority has never been used. H. R. 7963 increases the business-loan authority to \$500 million and reduces the prime contract authority to \$25 million.

The Small Business Administrator recommended to the committee that the business-loan authority be increased to \$450 million. SBA estimates that its loans and commitments outstanding will gradually increase over the next few years until repayments become large enough to stabilize the balance outstanding.

H. R. 7963 raises SBA's business loan authority to \$500 million instead of the \$450 million recommended by SBA. I believe that this additional authority will provide a reasonable reserve needed to cover contingencies which were not taken into account in the above estimates. For example, the \$450 million ceiling proposed by SBA would not accommodate even a 10 percent increase in loan volume over the estimated \$151.2 million a year.

The administration has consistently underestimated the needs for SBA loans both business loans and disaster loans. In July 1955 the Banking and Currency Committee reported out a bill to increase both authorizations, but the administration opposed the increases and they failed of enactment. Six months later, SBA had reached the limit of its disaster loan authority and was forced to make loans to flood victims as business loans. These were later converted to disaster loans after Congress acted early in 1956 to raise the limit. Early this year, SBA was approaching the limit of its business

loan authority and urgently requested an increase, which the Congress enacted. We have accepted the assurances given by the Small Business Administrator this year that an increase in the disaster loan authority is not needed. I believe, however, that a modest increase in the business loan authority over SBA's recommendation is needed to provide a reasonable reserve, and to avoid another urgent request from SBA for a later increase.

I wish to point out that the \$500 million figure does not constitute either an appropriation or obligational authority. It is an overall limit on the amount of business loans which SBA may have outstanding at any one time. In order to obtain funds to make loans within this overall limit, SBA must still obtain appropriations from the Congress, and the loan themselves constitute an income-producing investment for the Government.

H. R. 7963 would also eliminate the expiration provision from the present Small Business Act, thereby making SBA a permanent agency. The Small Business Act, which authorized the establishment of the Small Business Administration, was passed by the Congress in 1953. This original legislation provided that all authority under the act would terminate June 30, 1955. In the latter year, Congress amended and extended the act to July 31, 1957.

Operation and experience under such temporary legislation have revealed a number of limitations which hamper the efficient operation of the Small Business Administration.

There is a tendency to regard SBA programs as temporary expedients. As the expiration date of the Small Business Act approaches some institutions have hesitated to join with the agency in participation loans. This hesitation may be founded in the uncertainty that a bank committed to participation in a long-range program may incur unanticipated expenses arising out of the shift of responsibilities from SBA to a successor.

Government agencies may be reluctant to embark on long-range programs with SBA because they may find themselves burdened with additional responsibilities which they are not prepared to assume if SBA should be terminated.

A short-range temporary agency encounters personnel problems which can be alleviated by longer tenure. The demand for SBA loans has practically doubled within the past year and it is anticipated that this higher level of activity will continue into the future. It has been difficult to obtain a sufficient number of qualified financial specialists to carry forward the agency's financial-assistance program. If one trained employee is lost today, he may be replaced only with extreme difficulty because such employees are not attracted to a Government agency operating under a termination date effective in the near future. For the same reason there is a lack of incentive for longer range training programs to increase the efficiency of the agency.

Experience has indicated that better relations with the business world can be established if it is clear that SBA's small-business program is a continuing one.

It thus appears that establishing the Small Business Administration as a permanent agency will strengthen all of the agency's small-business program.

H. R. 7963 would require SBA to change its definition of a small-business concern for purposes of Government procurement. SBA now uses two definitions: one for financial assistance and the other for procurement. The procurement definition uses a single standard for all industries; that is, with certain exceptions the classification of a concern as small or large depends on whether it has fewer than 500 employees. Section 3 of the Small Business Act as rewritten by H. R. 7963 provides that if SBA uses number of employees as a basis for determining whether or not a concern is a small-business concern, the number of employees which SBA fixes as a limit for small-business concerns shall vary from industry to industry. SBA would thus be required to prescribe a new definition without delay. If the new definition is not put into effect within 30 days, then SBA's present definition for financial-assistance purposes would be put into effect for procurement purposes also.

As a member of the Banking and Currency Committee, I have followed closely the work of the Small Business Administration. I believe that the work of the past 4 years has resulted in a financial-assistance program which is of benefit and most essential to the small-business concerns in our economy. From my own observations, and from the many favorable comments about SBA which I have received from small-business organizations, I know that the agency is also rendering effective service through its other programs of procurement, technical, and managerial assistance.

Actually, I believe that much of the criticism which has been voiced concerning the agency's operations is due fundamentally to a difference in opinion as to what the legislative authority should be. With the limitations which have been placed on personnel and funds and within the authority given the agency by Congress, I am convinced that the Small Business Administration has done a good job its first 4 years and has rendered effective assistance to small business. More can and should be done within each program. I believe that it is a continuous fight to maintain sound and competitive small business in our economy. The most effective step this body can take toward the achievement of that goal is to pass H. R. 7963.

Mr. TALLE. Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. McVEY].

(Mr. McVEY asked and was given permission to revise and extend his remarks.)

Mr. McVEY. Mr. Chairman, H. R. 7963 has been introduced to promote the welfare of small business in this country. There are certain purposes in this bill which should be mentioned. The principal ones are:

First. To make the Small Business Administration a permanent agency.

Second. To increase the authorization for loans to small business.

Third. To assist in the matter of Government procurement.

Fourth. To place a ceiling upon the interest rate that may be charged to borrowers.

Fifth. To replace the Loan Policy Board with a National Small Business Advisory Board.

Everyone recognizes the part that small business has played in the economy of our country. The number of small-business organizations far exceeds the number of large-business concerns. They represent an independent way of life. The freedoms allowed us under the Bill of Rights provide many privileges of importance to the individual, and one of these freedoms permits the individual to initiate and organize his own business.

There are about 4 million small-business concerns in our country today. They are owned by approximately 7 million businessmen and women. They employ approximately 30 million persons. With this in mind, the Committee on Banking and Currency has tried to provide a favorable atmosphere in which small business may function.

Through April 30, 1957, SBA had approved 6,443 business loans, at a total amount of \$295 million. The SBA share of these loans amounted to \$245 million. The remainder represents participation on the part of the local lending institutions.

It has been a definite aim on the part of SBA to permit small business to obtain a fair share of Government contracts. This is illustrated by figures on procurement set aside for small business. Through March 25, 1957, a total of 19,123 procurements had been set aside for small business, in a total amount of \$1,619,593,650.

There are some features of H. R. 7963 which are controversial. This bill sets a ceiling of 5 percent on all Government loans to small business concerns. There are those who feel that the participation of local lenders will be stifled in sections of the country where banks would have to charge more than 5 percent for their participation in these loans. It is a principle of the small business program that borrowers will first attempt to secure funds from local banks before any help can be expected from the Federal Government. The Federal Government steps in only where responsible borrowers are unable to get money from local concerns. There are those who hold the opinion that because of this feature of H. R. 7963, borrowers will not strive as diligently for local loans, since they would rather secure money from the Federal Government at a ceiling interest rate of 5 percent. Our Committee, after a thorough discussion of this matter, decided to place the ceiling at 5 percent. In my own mind, I am doubtful if that is a proper provision in this bill. However, the measure does contain a number of good features, and I shall support the bill.

As stated above, the Small Business Administration, by this bill, is established as a permanent agency. In the past there has been a tendency to regard

SBA programs as temporary expedients. Because of approaching expiration dates some institutions have hesitated to join with the agency in participation of loans. Then, too, Government agencies may be reluctant to embark on long-range programs, not knowing when the SBA will be terminated. Because of this and other difficulties, H. R. 7963 establishes the Small Business Administration as a permanent agency.

H. R. 7963 is not entirely satisfactory to me, but I plan to vote for its passage by the House of Representatives, because I feel that the merits of the bill outweigh any weaknesses which may exist.

Mr. TALLE. Mr. Chairman, I yield such time as he may desire to the gentleman from Connecticut [Mr. SEELY-BROWN].

(Mr. SEELY-BROWN asked and was given permission to revise and extend his remarks.)

Mr. SEELY-BROWN. Mr. Chairman, I rise in support of H. R. 7963—the Small Business Act of 1957. The main purpose of this legislation is to make sure that the small business community is given the continuing opportunity to grow and to make its needed contribution to the overall national economy. All of us, I am sure, believe that small and independent business is an essential element to the American system of competitive enterprise. By providing a healthy economic climate for small business we are in fact also providing ourselves with the best kinds of safeguards against monopolistic control of our entire economy.

The proposed bill before us makes certain important changes in existing law. I will list them briefly:

First. The Small Business Administration is made a permanent agency.

Second. The authorizations for loans to small business are increased.

Third. A new definition of small business for procurement purposes is established.

Fourth. The interest rate on direct SBA business loans and on SBA's share of such loans made in participation with private lenders is reduced.

Fifth. The Loan Policy Board is replaced by a National Small Business Advisory Board.

Now let me discuss briefly why these important changes are needed.

I am one of those who believes that the establishment of the SBA as a permanent agency will strengthen all of the programs presently being undertaken by the administration. As one who participated in two sets of hearings on this legislation—both as a member of Subcommittee No. 2 of the Small Business Committee and also as a member of the Committee on Banking and Currency—I am well aware of the limitations which have hampered the efficient operation of SBA because it was always operating under temporary legislation. This very naturally has resulted in a tendency to regard SBA programs as temporary expedients; it has made difficult the setting up of participation loans; it has resulted in a reluctance on the part of other Government agencies to embark on long-range programs with SBA because these

agencies were fearful that the termination of SBA might add new burdens and responsibilities which they were not prepared to accept. In addition, a short-range temporary agency encounters personal problems of major importance. In the important field of financial specialists it has been particularly difficult to obtain qualified personnel because those whose service is sought hesitate to accept employment with a Government agency whose termination date may become effective in the near future.

I most sincerely believe that much better relations with the business world can be established if it is clear to all concerned that the SBA is permanent and its small-business program is a continuing one.

The question of giving an exact definition to the term "small business" has been a recurring one over the years. No single definition may be reasonably expected to meet all possible requirements. In recognition of the varying situations, I believe that the responsibility of drafting a definition should be placed wholly within the SBA. I am sure that a workable definition has been established by the SBA in its financial assistance program. I believe that the same flexibility and adaptability must now be attained in the consideration of contract awards to small business by the Government.

As indicated earlier in my remarks, the authority for loans to small business is increased. Under present law the SBA is authorized to make business loans in amounts up to \$230 million outstanding and disaster loans up to \$125 million outstanding. Under the terms of the proposed legislation the business-loan authority is increased to \$500 million.

This proposed legislation replaces the Loan Policy Board with a National Small Business Advisory Board. The Loan Policy Board, as presently constituted, consists of the Administrator of SBA as Chairman, the Secretary of the Treasury, and the Secretary of Commerce. It is charged with the establishment of general loan policies with particular reference to the question of public interest involved. Under the new proposal, this Board would be replaced by a National Small Business Advisory Board, consisting of the Administrator as Chairman, the Secretary of the Treasury, the Secretary of Commerce, and not less than 2 nor more than 6 representatives of small business. This new and larger group might be more responsive to some of the very real problems faced by those who make up the small-business community.

The act now provides that SBA's business loans shall bear interest at the rate prevailing locally but not more than 6 percent per annum. In cases where a loan is made in participation with a private bank, the 6-percent ceiling now applies to both SBA's share and the bank's share of the loan. The legislation now before us would reduce the maximum permissible interest rate from 6 to 5 percent and would specify that the area to be considered in determining the prevailing rate shall be the Federal Reserve district where the money loaned is to be used. The 6-percent ceiling would be removed from the bank's share

of a participation loan. The present spread between a 5-percent rate and $2\frac{3}{4}$ -percent cost of borrowed funds is adequate. During the next fiscal year the cost of borrowed funds will go up to $3\frac{1}{2}$ and $3\frac{3}{4}$ percent under the recomputation of the interest-rate formula each year which is provided for in the act.

In conclusion, may I say, Mr. Chairman, I am well aware of the significant role that small business has played in the growing and expanding economy of our country. The members of the small-business community in my district and in every congressional district stand as a symbol of independence, opportunity, innovation, and achievement.

Mr. TALLE. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. HENDERSON].

(Mr. HENDERSON asked and was given permission to revise and extend his remarks.)

Mr. HENDERSON. Mr. Chairman, as a member of the Banking and Currency Committee, I want to congratulate our able chairman, Mr. SPENCE, for the fine leadership which he has demonstrated again in guiding the efforts of our committee during the consideration of this bill to amend the Small Business Act. The committee's consideration has been motivated by one single objective—the realization that legislation should offer genuine assistance to the needs of the several million small-business enterprises of this Nation. The committee has worked objectively and in basic harmony to prepare a bill which draws upon many years of study of the small-business question. In this, we are indebted to many of the members of the Select Committee on Small Business who have appeared before our committee to furnish us with recommendations and guidance based upon their detailed knowledge of the position of small business in our economy and its present needs.

I also want to congratulate the staff of the Banking and Currency Committee, which has produced an excellent report on this bill for the guidance of all of the Members of this body.

I shall not dwell at length upon the need for a vigorous small-business base in our economy. There does not seem to be any general disagreement with the conclusion that the free enterprise system in this Nation requires the preservation of opportunity for small companies to grow and prosper. All of our giant corporations today have been small in their beginnings. Through wise management and fortuitous decisions, these firms have grown into the industrial empires to which Americans may point with pride today. They are the monuments to the basic soundness of the free-enterprise philosophy. They are also great bulwarks in the defensive might of this Nation. Similarly, their efforts provide the basis for the standard of living which the American people enjoy today—a standard never before achieved in the history of mankind.

We are not, therefore, discussing legislation today which is intended to be beneficial to small business by being punitive to the rest of the economic community. What we are saying in this

bill is that the Federal Government, using the basic philosophy of free enterprise, should work to create an economic climate in which small firms may thrive. This legislation does not attempt to lessen competition. It does not contain any factors which regiment small business. It does not remove the competitive element which is so necessary in the system of free enterprise. It does not substitute bureaucratic decisions for the decisions of management. It does not subsidize small business.

This legislation extends the Small Business Act of 1953, making certain refinements and changes in that act which we believe will help create a more vigorous small-business community. We are seeking here to strengthen the Federal machinery which has already been provided to serve small business. Here, I want to emphasize that our efforts have been directed toward service and not toward dictation.

The Small Business Act of 1953, enacted on July 30 of that year, created the first independent Government agency to serve and represent small business at the Federal level. It had three major objectives. The first was to provide credit through sound loans only when such loans could not be made through normal commercial channels. The second objective was to obtain for small business a fair share of Government contracts, both in periods of peace and war. The third mission which Congress assigned this agency was the providing of voluntary and competent managerial and technical assistance where and when such assistance was desired by small firms.

The Small Business Act wisely provided that, if credit was available from private sources, loans could not be made by the Small Business Administration. The agency has been administered in a manner which respected the letter of this provision. I believe that this is apparent in the fact that, through April of 1957, 4,483 of its approved loans, amounting to \$212,171,000, have been made in participation with private lenders. The agency found direct financial assistance necessary only in the case of 1,954 loans.

The requirements of the Small Business Administration have followed sound business practices in requiring collateral for the loans which it has approved. This is most apparent when we look at the record. Through April of this year, the agency's losses in the lending program have amounted to only \$102,377.27, involving six of its loans. This is an excellent average, attesting to the care which has been exercised in the handling of the agency's funds by its Administrator.

The bill before us today reduces the maximum permissible interest rate from 6 percent to 5 percent, depending upon the prevailing rate of the Federal Reserve district in which the money is loaned or used. Insofar as participation loans are concerned, the 6-percent ceiling would be removed from the bank's share. Since one of the chief problems which small businesses encounter today is the matter of raising capital on rea-

sonable terms, these provisions seemed sound to our committee. With respect to efforts made by the present administration to control inflationary pressures, we believe that small firms have borne an unequal share of the present monetary controls. Therefore, we have concluded that this reduction in maximum interest rates would not be detrimental to the necessary efforts to control inflationary pressures.

The present bill also changes the complexion of the Loan Policy Board, which governs the policies of the Small Business Administration under which financial assistance may be rendered. This Board has been composed of the Administrator of the Small Business Administration, the Secretary of the Treasury, and the Secretary of Commerce. It has been subjected to much criticism, which I believe is entirely undeserved. It has been pointed out that the Small Business Administration cannot be a truly independent agency unless the complexion of this Board is changed. I believe it is perfectly proper that the Small Business Administration function within the limits provided both by this legislation and by the President, who bears ultimate responsibility for its performance. In the sense that the agency's functions involve considerations of primary interest to the Department of Commerce and the Department of the Treasury, it is proper that general policies of any administration as developed by these Cabinet level departments of Government should be represented in the activities of the Small Business Administration. I believe, therefore, that the changes recommended in this bill—that the Loan Policy Board should be extended to include not only the Secretary of Commerce and the Secretary of the Treasury, but also the several representatives of the small-business community—will answer the criticism unfairly leveled at the previous Policy Board and still maintain the necessary coordination which must direct the general policies of the Small Business Administration.

In a time when the Federal Government is purchasing billions of dollars of goods and services for the military services, it is most important that every effort be made to see to it that small business is given a fair opportunity to participate. It is human nature among contracting officers that well-known companies should be given preference in the awarding of Government contracts. This usually means that the performance ability of small producers, particularly in the area of negotiated contracts, is not given the full consideration to which it is entitled. This has been a long-standing problem and was clearly recognized in World War II and the Korean hostilities. The working out of a more precise definition of small business will be helpful. I believe that the reiteration and strengthening of the procurement assistance provisions in this bill will once again impress Federal purchasing officers in all agencies that it is the intent of Congress that small business must be given a full voice in the awarding of Government contracts.

Thus, since our tax dollars are composed so largely of revenues from small businesses, these small companies will have a fair opportunity to sell to the Federal Government those items being purchased with the tax dollars generated from the small-business community.

In conclusion, I want to say that I believe the Small Business Administration has performed a genuine service to the Nation's small businesses since its creation in 1953. There have been partisan attacks upon its operation which, in my way of thinking, have been either completely unjustified or unconstructive. I know of no Member of this Chamber who does not support the purposes for which this agency was created. And I see no reason why the facts of the agency's operation should be subjected to politically partisan judgments which would, in their effect, harm the services which the Small Business Administration is rendering the small businesses of our Nation. I am pleased to say that there would appear to be a majority recognition that the small-business question has no place in partisan politics. It should not be a political football.

In view of the record which the Small Business Administration has achieved, I want to urge support of this bill today by all Members of the Congress, and I feel confident that it will be supported enthusiastically by Members on both sides of the aisle. If this is the case, I am confident that the small businesses of this Nation will be the beneficiaries and then we will achieve what our committee has attempted to create—a strong, independent, permanent agency with a specific mission of service to the Nation's small businesses.

Mr. SPENCE. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. VANIK].

Mr. VANIK. Mr. Chairman, I want to take this opportunity to urge support for H. R. 7963, the Small Business Act, as reported out by the House Banking and Currency Committee, of which I am a member.

Although this legislation will do very little to assist in the disastrous plight of small business, it unfortunately seems to represent the full distance that this Congress will go.

At some early date, it is my hope that a full and complete review can be made of the problems of small business while small businesses still remain a part of the American scene. The overpowering capacity of big business to fix suitable pricing arrangements, to borrow money, and to gain preference on the public and private markets, pose a most serious threat to the future existence of small business.

My community has perhaps as many small business enterprises as any district in the country. These small businesses have a very difficult time of it, particularly when it comes to borrowing the necessary funds for expansion and doing business. The current high cost in the use of money is forcing many small-business men to either close their doors or operate on a day-to-day basis. They are not able to participate in long-range planning programs or expansions which

require long-term loans. Their only other alternative is to sell out to large business and leave the competitive arena. This trend cannot go on without seriously affecting the existence and competitive capacity of small business. Other means of stimulating and protecting small business enterprises must be devised.

The legislation which we are passing today will not provide much fortification to existing small businesses. The cost of using money must be brought down to realistic terms which small business can meet if it is to continue in its proper place in the American plan.

(Mr. VANIK asked and was given permission to revise and extend his remarks.)

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from Florida [Mr. BENNETT].

Mr. BENNETT of Florida. Mr. Chairman, I rise in support of H. R. 7963, which would not only greatly improve the operation of the Small Business Administration, but would make that agency permanent. I have introduced legislation which would make the Small Business Administration permanent and, therefore, have a particularly keen interest in that aspect of this bill. This bill also accomplishes other excellent objectives, such as increasing the authorizations for loans to small business, providing for a more equitable share of Government procurement for small business and reducing the interest rate on direct Small Business Administration loans.

The fact that this legislation brings about great improvements in the field of Small Business Administration activities does not minimize the urgency of doing other things for small business which are not in any way covered by this legislation. I have already mentioned a bill which I have introduced which would make the Small Business Administration permanent. This is H. R. 559, and this bill which I have introduced also provides for many needed improvements for small business which are not included in the bill before us today.

Last year the President's Cabinet Committee on Small Business made 14 specific recommendations for assisting small business. On the first day of this session I introduced H. R. 559 to change present statutes to carry out the recommendations of that Cabinet Committee. In addition to carrying out the provision of making the Small Business Administration permanent, other proposals of the Cabinet Committee were embodied in my bill, as follows: Reduce income taxes on business corporations from 30 to 20 percent on incomes up to \$25,000; give businesses the right to utilize accelerated depreciation formulas for purchases of used property; give a dividends paid credit up to \$25,000 income of corporations with 10 or fewer stockholders; give an option of paying estate taxes over a period of 10 years in cases where the estate consists largely of investments in closely held businesses; simplify wage reporting for social security and withholding tax purposes; enable closer Federal scrutiny of mergers and make procedural changes to facilitate enforce-

ment of antitrust statutes; extend Federal regulation of corporate mergers to banking institutions; increase the maximum amount of an issue of corporate securities which the Securities and Exchange Commission may exempt from registration from \$300,000 to \$500,000; authorize and direct a Budget Bureau study to eliminate useless and overlapping requests for information from businesses.

It is certainly deeply regretted by me that it is possible that the governmental procedures are so slow that an officially appointed Cabinet committee can make recommendations in 1956 and legislation can be introduced on the first day of this session embodying those recommendations and restricted to those recommendations, and yet here toward the end of this session of Congress we find ourselves without any departmental reports or other constructive progress on such legislation, except for the one item already mentioned—the making permanent of the Small Business Administration. I sincerely hope that the legislative procedure can be speeded and that action can be taken in the Treasury Department and the Bureau of the Budget on H. R. 559 and that if reports from those agencies are not soon received, the House Ways and Means Committee may take affirmative action on this legislation without waiting further for any such administrative reports.

(Mr. BENNETT of Florida asked and was given permission to revise and extend his remarks.)

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. ROOSEVELT].

Mr. ROOSEVELT. Mr. Chairman, may I first congratulate the distinguished chairman [Mr. SPENCE] and the members of the committee for having brought this legislation before us today. It is a distinct step forward in meeting the needs of small business. There cannot, however, be any question but that small business needs more help than it is receiving from this legislation. In going over the bill and the report, I believe there are a few things which deserve specific emphasis in order that attention may be called to them in the minds of the small-business community. On page 12 of the report of the committee, it is particularly important that we note the change in the language which has been made in the law so that now the Administrator of the Small Business Administration is specifically instructed that a loan may be granted by the Small Business Administration either of sound value or so secured as to reasonably assure repayment. The word "or" is, of course, the important one. One of the great difficulties of small business has been to secure capital loans and this new instruction to the Administrator will assure that the capital loan will be given more favorable consideration.

Another important factor, of course, to small business has been the cost of money, and it is encouraging to see the maximum amount reduced as far as the Government is concerned from 6 percent to 5 percent. There is one point in the interest-rate discussion in the report and

in the language of the bill which I feel sure should be clarified again, perhaps, for the guidance of the Administrator. It has been noted that the 6-percent ceiling would be removed from the bank's share of a participation loan. This would seem justified, inasmuch as the Government may, in my opinion, and evidently in the opinion of the committee, not dictate to private industry how much money it should charge. But in the deferred loans which are made it does seem to me that this deferred loan is in actuality a guaranty by the Government of the financial institution making the loan. I would like to ask a member of the committee if I am correct that it is the policy of the committee that that deferred part of the loan shall be included under the 5-percent limitation on Government loans.

Mr. SPENCE. Yes; the 5-percent ceiling applies to the deferred part of the loan.

Mr. ROOSEVELT. I thank the chairman.

Mr. MULTER. Mr. Chairman, will the gentleman yield to me on that very point?

Mr. ROOSEVELT. I am very happy to yield to the gentleman.

Mr. MULTER. It might be well to point out here with reference to the deferred participation that that is even a better guaranty than you get when the bank participates or a lending institution participates in the FHA program. In that program they cannot call for payment except on default; and when they call for payment on default, they get Government bonds. But in this program, upon the agreement being executed for the deferred participation, in accordance with the terms of that agreement, the bank then calls upon the SBA, not for bonds but for cash. They get the exact amount unpaid at that time in accordance with the deferred participating agreement. When SBA pays the bank at that time, the SBA to that extent becomes the lender.

Mr. ROOSEVELT. I thank my distinguished colleague. I think it is now very clear and I am sure the administrator will so follow the instruction. It is important to point out to small business that the bill again refers to what are known as pool loans. Small business should take advantage of this provision of the act, and there is no question that many of the difficulties in financing necessary credit will be amply alleviated. The committee is to be congratulated in their changing of the language in order to establish beyond any question that this pool arrangement may be made to obtain raw materials, equipment, inventories, or supplies for the use of the concerns in the pool as well as for establishing facilities for such purposes.

Mr. Chairman, there are, I think, a number of other things which we should emphasize. On page 12 of the bill in section 7 (a) we point out and make very clear to the Administrator that these loans are not only short-term loans but specifically spells out that these loans are, and I quote:

To supply such concerns with working capital to be used in the manufacture of

articles, equipment, supplies or materials for war, defense—

And I emphasize again—
or civilian production.

I think that if the Small Business Administration will construe this section properly many of the long-term working capital difficulties of small business will be overcome.

Again I say I think it is important to know that this can be accomplished over a 10-year period. Ten years is the maximum; but, again, it is my understanding that because it is the maximum it does not mean that the Administrator has to shy away from the maximum. A working capital loan should most certainly receive the maximum period whenever possible.

Mr. Chairman, I would like to discuss for just a moment one other portion of the bill which is found on page 24 in section 9 (c) where the Attorney General "is directed to make, or request the Federal Trade Commission to make for him, surveys for the purpose of determining any factors which may tend to eliminate competition, create or strengthen monopolies, injure small business, or otherwise promote undue concentration of economic power in the course of the administration of this act."

In the subcommittee on which I have the privilege to serve of the House Committee on Small Business we have found over and over again the tremendous difficulty of small business concerns in trying to secure the equal application of the law. Whenever a small business files a complaint either with the Federal Trade Commission or with the Justice Department the problem and the difficulty of getting action in time to be of any use to that small concern is one that practically never gets solved.

Mr. BASS of New Hampshire. Mr. Chairman, will the gentleman yield?

Mr. ROOSEVELT. I yield to the gentleman from New Hampshire.

Mr. BASS of New Hampshire. Going back to deferred loans, it is my understanding, and I would like to ask the gentleman from California if it is not his understanding also, that the initial funds are the banks' funds, are they not?

Mr. ROOSEVELT. Yes.

Mr. BASS of New Hampshire. If that is true and if the bank is limited to 5 percent, does not the gentleman think that the deferred loan program will be dried up, because no bank would be willing to lend at 5 percent less the premium to the SBA?

Mr. ROOSEVELT. All I can say in answer to that is that under the 6 percent program it worked very well, and I am sure that if the 5 percent program turned out to be onerous the committee would do something about it. I think we must look at the total overall proposition, as the gentleman from New York so well stated it. In actuality the Government guarantees the bank and I think the terms at 5 percent should be pretty attractive to any lending institution.

Mr. BASS of New Hampshire. Following that through, if the bank has to pay,

say a 1 or 1½ percent fee to the SBA, its return would be less than 4 percent. I doubt if any bank would be willing to lend money on that basis.

Mr. ROOSEVELT. I will yield to the gentleman from New York [Mr. MULTER] to answer that specific question.

Mr. MULTER. There is no fee charged to the bank in this program, and that is why this is much more attractive program than the FHA. Under the FHA program on a 5½ or 6 percent mortgage there is a one-half percent paid. Here there is no premium paid.

Mr. BASS of New Hampshire. I am talking about deferred loans where I understand there is a premium charge by the SBA. I agree with the gentleman that this is otherwise a good bill. But what small businesses in my area are interested in is not so much whether the rate is 5, 5½, or 6 percent, as where and how to get the money. I am fearful that if we limit the interest rate to 5 percent, small concerns will not get the money they need.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. SPENCE. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. MULTER. My attention has been directed to the fact I was in error when I said there was no fee charged. There is a graduated fee charged in the deferred participation program. Again let me point out, however, that it is a better program so far as the bank is concerned than is FHA. They get the actual cash, as was pointed out a moment ago. When they call on SBA to take up its part of the deferred participation loans they do not get bonds; they get cash immediately in accordance with the agreement. In other words, if the bank is lending \$100,000 and the deferred participation is \$25,000, when the bank says, we want our money, the SBA gives them \$25,000 in cash. It is an unconditional guaranty.

Mr. ROOSEVELT. I would say to the gentleman from New Hampshire that, in my opinion, he has raised a good point. If the Small Business Administration finds it is not getting the great cooperation which it is getting now on a 6 percent basis, it would be quite proper for the Administrator to report that immediately to the Committee on Banking and Currency and to come in and have us change it as rapidly as possible.

Mr. BASS of New Hampshire. I thank the gentleman.

Mr. ROOSEVELT. Mr. Chairman, I sincerely trust this section 9 (c) will be given very careful consideration by the Department of Justice, the Attorney General and the Federal Trade Commission, in order to try to work out a system of providing quick adjustment for small business concerns in having their complaints properly attended to.

Lastly, Mr. Chairman, may I point out there is not in this bill one of the most important things which I think we need to do for small business because it does not come under the jurisdiction of this committee. That matter is the question of taxes for small business. A way must be found for small business to be able to retain sufficient funds from

profit to enable it to expand and to enable it to raise its own working capital. I sincerely hope that the Committee on Ways and Means will move forward so that at the earliest possible moment we may have tax legislation to favor and to help small business.

Mr. Chairman, this is a good bill. I hope it will pass and become law. Particularly is it to be hoped that the Small Business Administration will then move fully to carry out its improved provisions for the assistance of small business.

(Mr. ROOSEVELT asked and was given permission to revise and extend his remarks.)

Mr. TALLE. Mr. Chairman, I yield such time as he may require to the gentleman from Michigan [Mr. CHAMBERLAIN].

(Mr. CHAMBERLAIN asked and was given permission to revise and extend his remarks.)

[Mr. CHAMBERLAIN addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. TALLE. Mr. Chairman, I yield such time as she may require to the gentlewoman from New Jersey [Mrs. DWYER].

(Mrs. DWYER asked and was given permission to revise and extend her remarks.)

Mrs. DWYER. Mr. Chairman, I am happy to give my support to H. R. 7963—the Small Business Act bill. I am sure we all realize there are certain fields in which opportunities for small business in America must be widened.

My only regret is that this legislation does not include other important provisions recommended by the Cabinet Committee on Small Business last year. I realize, of course, that a tax-relief provision could not be included in a Banking and Currency Committee bill; that field is under the jurisdiction of the Ways and Means Committee. But it is my hope that additional action by the Congress will be forthcoming on this and other recommendations.

In fact, it is my intention to introduce legislation covering these remaining recommendations within the next few days. I realize other bills presently are pending in these fields, but I want to reemphasize through the introduction of such legislation the need for Congress to carry out the entire small-business program.

Meanwhile, I believe we Members of the House should commend the Banking and Currency Committee for its outstanding service to small business in writing this legislation which we now are considering.

The committee's work indicates deserved recognition of the vital role small business has played in our economy throughout our Nation's history.

As the committee noted in its report: Small business is a symbol of opportunity, enterprise, innovation, and achievement. It is an independent way of life, standing for something quite essential to our freedom.

Certainly, we should do all that is possible to encourage small-business concerns, to help them grow and expand.

This bill is a forward step in realizing that objective. In this legislation, we make the Small Business Administration a permanent agency; we authorize more loans to small business; we give small business greater assistance in obtaining a greater and fairer share of Government procurement, and we reduce the interest rate on Small Business Administration loans.

Such actions, I am certain, will help small business in important areas. They will help establish and preserve a healthy economic climate for small business. I wholeheartedly urge favorable action on this important bill.

Mr. TALLE. Mr. Chairman, I yield 10 minutes to the gentleman from Colorado [Mr. HILL].

(Mr. HILL asked and was given permission to revise and extend his remarks.)

THE SMALL BUSINESS ADMINISTRATION A PERMANENT INDEPENDENT SPOKESMAN IN GOVERNMENT FOR SMALL BUSINESS

Mr. HILL. Mr. Chairman, it gives me a great deal of satisfaction to speak in behalf of H. R. 7963 which among other things will give a permanent status to the Small Business Administration. This legislation is the culmination of many years of hard work by many of my distinguished colleagues. It is the result of years of study and continuing efforts to assure the small business concerns of our country a truly independent spokesman in our Government. H. R. 7963, in my opinion, should be adopted unanimously by the membership of this House and without amendment.

At this point I desire to compliment the distinguished chairman of the Committee on Banking and Currency, the gentleman from Kentucky [Mr. SPENCE]; the distinguished ranking minority member of that committee, the gentleman from Iowa [Mr. TALLE]; as well as all other members of the Committee on Banking and Currency who, I know from firsthand knowledge, have labored diligently to bring before the House a bill which we all can support.

I also want to congratulate the chairman of Subcommittee No. 2, the House Small Business Committee which has a continuing responsibility in examining the progress and operations of the Small Business Administration. I will have more to say about that subcommittee later, but certainly some of the credit for this bill is due to the distinguished chairman of subcommittee No. 2, the gentleman from New York [Mr. MULTER], and his colleagues on the subcommittee, the gentleman from Illinois [Mr. YATES], the gentleman from Oklahoma [Mr. STEED], the gentleman from New York [Mr. RIEHLMAN], and the gentleman from Connecticut [Mr. SEELY-BROWN]. It is, I think, fortunate that two members of this subcommittee, the gentleman from New York [Mr. MULTER] and the gentleman from Connecticut [Mr. SEELY-BROWN] are members of the Committee on Banking and Currency. I might also mention that the distinguished chairman of the House Small Business Committee, the gentleman from Texas [Mr. PATMAN] is also a member

of the great Committee on Banking and Currency.

It is a major accomplishment to bring before the House a bill about which there is such little controversy. Differences of opinion as to how best to accomplish the most good for our economy and our country are always to be expected. The happy omen here for the small-business sector of our economy is that most, if not all, of the differences of opinion as to methods and procedures have been resolved. This, I think is a testimonial to all those Members of Congress and to those officials of the administration who have worked diligently and sincerely to achieve the best possible results through small-business legislation.

A SMALL-BUSINESS AGENCY IS ESSENTIAL

In the past, when we were engaged in great productive efforts for the defense of our country, small business, while contributing much, encountered serious handicaps. They found it difficult to obtain prime contracts; they were unable to obtain sufficient quantities of scarce materials; they suffered from competition among producers for skilled labor; and they frequently were unable to obtain adequate credit. In each of the last two military conflicts, agencies were established by Congress to help small firms resolve these and other pressing problems. As a matter of fact, the Smaller War Plants Corporation and the Small Defense Plants Administration were established not only to assist small business to produce for the defense effort but actually to prevent the complete abandonment of this important segment of our economy. Small firms were, of course, the hardest hit in the cutback of production for a civilian market; and in the earliest years of both World War II and the Korean war, Government procurement offices took the line of least resistance by awarding prime contracts, providing financial assistance and directing materials orders to the larger companies. These two agencies played a most important role in protecting and assisting the small firm.

In 1953 we found that two wars had seriously affected the competitive structure of our economy. We also found that with a large part of the Federal budget being expended on defense production small firms needed continuing assistance in securing Government contracts. They are still unable to obtain adequate financing, particularly in the form of long-term credit. And because of increased competition in the civilian market, small business also needed assistance in obtaining the latest information on technical and managerial subjects.

In the 83d Congress we recognized the need for an independent Federal agency to help resolve these problems of small business by establishing the Small Business Administration. I am proud of the fact that I was the author of the bill which became the Small Business Act of 1953, establishing the Small Business Administration. Programs were authorized by the Small Business Act so that small firms might receive help in each of the foreign areas.

In the 84th Congress the Small Business Administration was continued for

another 2 years but with certain revisions in the basic legislation. The limit on individual loans which could be made to small firms was raised from \$150,000 to \$250,000; pool loans were authorized whereby groups of small firms could join together to obtain or produce raw materials or supplies. In this instance the \$250,000 limit could be multiplied by the number of small concerns which have combined to form the new corporation. The interest rate to be charged on Small Business Administration loans was set at a maximum of 6 percent, while a drought disaster program was authorized whereby small firms whose business had suffered because of the effects of a drought could obtain 3-percent loans. There were also other perfecting amendments.

Many of the changes in the 1955 Small Business Act, recommended by the House Small Business Committee, were accepted by the Committee on Banking and Currency and were unanimously adopted by the Congress as a means of improving the efficiency and the effectiveness of the Small Business Administration.

Again in this 85th Congress certain changes in the Small Business Act of 1953, as amended, have been recommended. Subcommittee No. 2 of the House Small Business Committee has again held detailed and exhausted hearings on the operations of the Small Business Administration. As a result of these studies, 12 of the 13 members of the Select Committee on Small Business joined together to introduce bills identical to H. R. 7474, as introduced by the chairman of the subcommittee, the gentleman from New York [Mr. MULTER]. As you know, the Banking and Currency Committee also held extensive hearings on H. R. 7638, H. R. 6645, H. R. 7474, and many other bills dealing with the Small Business Administration.

Mr. Chairman, I have reviewed in some detail the past history of Small Business Administration legislation for one reason, to point out and emphasize as strongly as I can that H. R. 7963 as reported by the Committee on Banking and Currency is the result of many years of study by these two committees of the House. We who have been so interested in and concerned about the problems of small business believe that this is good legislation. It is also very necessary legislation. Small firms in our economy still face many of the same problems they faced in the early 1940's and in the early 1950's; their difficulties vary only as to degree.

Mr. Chairman, we believe the Small Business Administration has done a good job. We also feel that more needs to be done. The legislative changes recommended in H. R. 7963 should do much to assure that small business receives the greatest possible assistance.

I wish to state most emphatically that those who say that there should be no distinction made between small and large business enterprises or that the problems are the same regardless of size do not know the economic facts of life. This is not class legislation but legislation which is beneficial to our entire economy. If the small, independent

businesses are ever permitted to disappear from our competitive society, we will have also lost the foundation of our free and democratic political society. I cannot emphasize this point too strongly.

THE SMALL BUSINESS ADMINISTRATION—A PERMANENT AGENCY

The most important provision in this bill, H. R. 7963, and the most important change in the original act, is that a permanent agency is called for—a permanent, small business agency which will be independent of all other agencies of the executive branch of the Government and responsible only to the President and the Congress.

Mr. Chairman, I have felt most strongly over the past years that only a permanent agency can do the effective work Congress has felt to be so essential to the welfare of our small business concerns. I am most happy that the Banking and Currency Committee is now recommending that this be done, and I am sure that my colleagues will all agree that a permanent agency is necessary. It is important to note that the administration also has asked for a permanent agency, and in our Small Business Committee hearings this recommendation was emphasized by officials of the Small Business Administration, the Departments of Commerce, Treasury, Defense, and Justice and the General Services Administration. Several small business associations, representing small firms locally and across the country, entered a strong plea for a permanent Small Business Administration. There are many good and valid reasons why such an extension is necessary. In my testimony before the House Banking and Currency Committee—if I may repeat it here—I stated that:

I, personally, do not know of any opposition to the proposal for a permanent agency either within the House of Representatives or within the Senate. Even though the reasons for permanency are all too obvious, I should like to enumerate a few of them for this committee.

First, since World War II, the small firms in our country have found increasing competitive pressures because of rapid growth in all phases of our economy, because of technological change generated by this growth and because of the great benefits derived by the largest business concerns in producing for the defense effort. Of course, the greatest handicap to small business has been our burdensome Federal tax structure. However, as we all are too well aware, small firms have for a great many years encountered difficulty in securing adequate long-term credit, in securing a fair proportion of Government contracts, and in maintaining a strong competitive position through the utilization of the latest information on management and technical matters. While I believe there has been progress made in the solution of many of these problems, there still remains much to be done. The programs authorized by the present Small Business Act are designed to provide assistance in these very areas. Only through a permanent, independent agency, however, can the importance of small business to our economy be given the recognition and attention it deserves.

An independent agency, acting as a spokesman for small business among the various Government departments and agencies, cannot achieve the necessary cooperation when the latter feel that perhaps the entire program might terminate at the end of 2 years.

I believe that better long-range cooperative programs will be established if the other agencies of the Federal Government know that the Small Business Administration is on an equal footing and is not in the category of the casual visitor—here today, gone tomorrow.

Similarly, the banks of this country will be more willing to participate with the Small Business Administration on loans to small-business concerns when they know that the lending program is on a permanent basis. It is difficult to retain the necessary interest and cooperation when a program is on a temporary basis.

While the Small Business Administration's financial and procurement personnel are among the best obtainable, morale and personnel recruitment can be greatly improved if the agency is made permanent. As we all know, even the old-line agencies have difficulty competing with private industry for specialists of the caliber needed and desired by the Government.

Finally, I might mention that all the small-business men and small-business organizations with whom I have talked believe that a concerted effort is needed to assure small firms a place in our economy. Not only do they contribute immeasurably to a diversified peacetime economy, but they constitute an integral part of any defense program. If we do not attempt to resolve their difficulties now, these small firms will be lost for any future all-out defense effort.

Mr. Chairman, I should like to comment on various other aspects of this bill where changes have been made to permit more effective assistance to small business. I strongly support such changes. By way of explanation, I might say that earlier in this session I introduced H. R. 6645, the administration's bill, with regard to extension of the Small Business Administration. I was happy to do this. As a result of further and very detailed examination of the legislation and operations of the Small Business Administration, however, I have concluded that even further improvements may be made through the adoption of H. R. 7963.

NATIONAL SMALL BUSINESS ADVISORY BOARD

First, I should like to refer to the change in the Loan Policy Board. Until now this Board, as provided by law, consisted of the Secretary of the Treasury, the Secretary of Commerce, and the Administrator of the Small Business Administration as Chairman. This Board has done a commendable job, primarily because of the individuals delegated by the two Secretaries, who participated in the Board's deliberations. No one can deny that the loan policy has been flexible. I do believe, however, that this must be strictly an independent agency. In the past, when this has not been the case, small business never received the necessary consideration or assistance. Even now I do not feel that the Small Business Administration is sufficiently removed from Commerce or Treasury, or the Department of Defense, to do the best possible job. Individuals come and go in the Federal Government, but Department policies, particularly with respect to small business, are a long time in changing to meet new situations. The Small Business Administration is designed as a spokesman for the small-business concerns of this Nation; it must render services and provide counsel on an independent basis. I think, too, that this agency must remain in close touch

with small-business men throughout the country. It seems wise, therefore, to have small-business men and small bankers represented on the Advisory Board. No coordination between agencies in the executive branch of the Government will be lost, since both the Department of the Treasury and the Department of Commerce will also be on this Advisory Board. The Administrator will himself be able to determine what is in the best interest of the Nation and small business, and will, in making this determination, utilize the thinking of this Advisory Board.

INTEREST RATES

H. R. 7963 proposes that the interest rate on the Small Business Administration's share of a loan shall be at 5 percent or the rate prevailing in the appropriate Federal Reserve District, whichever is lower. The change is recommended for several reasons among which are the cost of money to the Small Business Administration; the lending rate of other Federal Government lending institutions; and the fact that small firms not only need such financial assistance but need it at a rate of interest which will assist them in becoming financially sound. I do not feel that this will materially affect the participation aspects of the Small Business Administration program since banks will be allowed to charge their own rate on their portion of the loan. This type of loan on which a bank pays the Small Business Administration a fee for the agency's participation agreement accounts for only 30 percent of the number of business loans made and only 24 percent of the amount of the Small Business Administration share of approved business loans. Finally, I might mention that business concerns must still apply to their bank for a loan, and be turned down, before the Small Business Administration can consider the extension of credit. How, therefore, can it be said that a lower rate of interest would place the Small Business Administration in competition with banks?

DEFINITION OF SMALL BUSINESS

As I mentioned previously, in the 1955 amendments to the Small Business Act of 1953, Congress stated most emphatically that it did not want small business to be defined for procurement purposes as any concern which had 500 or fewer employees. It was the thinking of our committee that what can be considered as small business varies from industry to industry. This is the way it has been defined by the Small Business Administration in its financial assistance program. It was the Small Business Committee's desire that this same philosophy be applied to Government procurement. I believe that if a sincere desire to accomplish this is evidenced by the Government procurement agencies and by the Small Business Administration, a more appropriate definition than that presently used can be developed. H. R. 7963 will help to accomplish this.

THE SMALL BUSINESS ADMINISTRATION SHOULD STUDY THE COMPETITIVE PROBLEMS OF SMALL BUSINESS

I would like to comment on one of the provisions of this bill, namely, section

9 (a), which directs the Small Business Administration to make studies of matters materially affecting the competitive strength of small business and of the effect on small business of Federal laws, programs and regulations. As a result of such studies, the administration is directed to make recommendations to the appropriate Federal agencies or agency for the adjustment of such programs and regulations to the needs of small business. I believe this is one of the most important provisions of H. R. 7963 since, as the spokesman for small business, the Small Business Administration must be responsible for a thorough knowledge of the problems of small business and for advising other Federal agencies of these problems and their possible solution. It is quite evident that up until now the Small Business Administration has not studied sufficiently the tax problems of small business, the credit situation as it affects small concerns throughout the country, the current status of small firms under the various antitrust statutes, the availability of scarce materials and numerous other areas in which small firms are currently experiencing difficulty. A study program of the Small Business Administration under this legislation could contribute immeasurably to the understanding of Congress of such small business problems and to administrative and legislative remedies which are necessary to resolve these problem areas. I sincerely hope that the Small Business Administration will with this authority institute a vigorous and intensive search into the competitive status of small business concerns.

H. R. 7963, as I have emphasized, is a bill which represents many years of experience with small business legislation. This bill is as completely nonpartisan as it is possible to write a bill. It represents the best all-around solution of the many difficult problems which are present in any legislative enactment of the Congress.

Mr. Chairman, I repeat my earlier statement that H. R. 7963 should pass, and I hope all Members of the House will join in making its passage unanimous.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from Kansas [Mr. BREEDING].

Mr. BREEDING. Mr. Chairman, I rise in support of this legislation.

(Mr. BREEDING asked and was given permission to revise and extend his remarks.)

Mr. BREEDING. Mr. Chairman and distinguished colleagues, I would like to make a few remarks concerning the bill now under discussion here on the floor amending the Small Business Act.

It is my feeling that this measure will promote a more vigorous and efficient program of assistance to small business.

There are various business organizations in my district who will be interested in the provision increasing the authorization for loans to small business. As you know, there are many depressed areas in my own district brought on through the drought situation. It is my feeling that this legislation would assist them materially. The interest rates on direct SBA business loans under this

particular legislation are most attractive, and would encourage more people to participate in this program.

Also, under the measure now under discussion, more people will be encouraged to participate in the disaster-assistance program. Due to the drought conditions, and the storms which we have been experiencing of late, it has been necessary to extend this type of assistance to several organizations within my district. Should this measure be enacted into law, wider coverage would be extended to such areas, and the benefits offered under this program would be much broader in scope.

Mr. SPENCE. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Chairman, the Small Business Act of 1953 which was amended in 1955 is due to expire shortly. In view of the imminence of the expiration date of the Small Business Act, Subcommittee No. 2 of the House Small Business Committee, of which I have the honor to be the chairman, conducted extensive hearings on the operations of the Small Business Administration. The members of that subcommittee other than myself are the Honorable SIDNEY R. YATES, of Illinois, the Honorable TOM STEED, of Oklahoma, the Honorable R. WALTER RIEHLMAN, of New York, and the Honorable HORACE SEELY-BROWN, JR., of Connecticut. Their help in writing this bill was invaluable. A vote of thanks is also due the staff members, majority and minority, of that committee and of the Banking and Currency Committee.

At this point, Mr. Chairman, I desire to take a moment to say how happy I am and how proud this Congress should be with the fine spirit of nonpartisan cooperation that has moved all of our colleagues on both the Small Business Committee and the Committee on Banking and Currency in formulating this bill.

H. R. 7474, amending the Small Business Act, was introduced with the unanimous approval of all the members of the subcommittee. The bill was cosponsored by 12 of the 13 members of the House Select Committee on Small Business by their introduction of H. R. 7474 to H. R. 7483, inclusive, H. R. 7543, and H. R. 7563. Subsequent to the introduction of these bills, approved by the members of the House Small Business Committee, hearings were held by the Banking and Currency Committee on H. R. 7474.

Based on the hearings held by the Banking and Currency Committee and additional executive sessions of the Small Business Subcommittee No. 2, a new bill, H. R. 7878, was introduced by me with the unanimous approval of the members of the subcommittee.

The Banking and Currency Committee bill, H. R. 7963, now before the House, was introduced as a clean bill by its distinguished chairman, Mr. SPENCE. It was reported by a vote of 20 to 3. H. R. 7878, introduced by me and endorsed unanimously by the subcommittee of the House Committee on Small Business, although varying slightly from the bill

before us now, is for all intents and purposes the same bill.

I would like at this time, Mr. Chairman, to indicate to the House some of the changes in the Small Business Act which this bill provides and also to indicate why these changes were made. Many of them have already been referred to.

First, permanency of the agency: The Small Business Administration was created in 1953 with an expiration date of 2 years. It was then extended in 1955 for an additional 2 years. This bill now makes SBA a permanent agency. The reasons for the overwhelming support of that provision are:

First. The needs and conditions requiring the attention of this agency are not temporary.

Second. Experience has demonstrated that temporary agencies cannot hold experienced personnel. With permanent status the agency will be able to recruit, train and keep better personnel; permanency will increase and improve the efficiency and morale of the personnel of the agency.

Third. Its relationship with the banks will be much better and on a firmer basis. Its position and relationship with other Government agencies with which it must conduct business will be better.

Fourth. In the interest of longtime needs of small business, the Agency should have permanent status. Experience has indicated that there is no other agency or department of the Government that can possibly supply the needed aid, assistance and service which congressional policy demands for small business.

Not only do most of the members of the committees that consider the bill on the House side urge that the agency be made permanent but now even the Department of Commerce urges that it be a permanent agency, as does the Treasury Department. I think it is safe to say that the Bureau of the Budget has approved that portion of the bill. We have, I think, unanimous approval from the administrative side of the Government for the permanency of this agency.

It was not so long ago, you will remember, that the Department of Commerce urged that this Small Business Administration should be a part of the Department of Commerce.

I have dared to suggest that big business has its Commerce Department, labor has its Labor Department, and small business needs and deserves a Small Business Department. I hope that some day this Small Business Administration will attain Cabinet status.

Second, elimination of the Loan Policy Board: It has always been the congressional intent, so stated in the law, that the Small Business Administration should be an independent agency in Government free from control of any other agency of the Government. Here, too, the overwhelming sentiment favors accomplishment of this long-time desire.

In view of the continued controversy over the Loan Policy Board, which consists of the Small Business Administrator, as Chairman, and the Secretary of the Treasury and the Secretary of Com-

merce, or their designees, it should be eliminated.

A National Advisory Board is created by this bill to be composed of the Administrator, as Chairman, and the Secretary of the Treasury and the Secretary of Commerce and not less than 2 nor more than 6 truly representative members of small business.

Policy should be the responsibility of the Administrator. Neither Treasury nor Commerce, singly or jointly, should have the right to make policy for SBA.

I would like to see the size of the Advisory Board left to the discretion of the Administrator. But that is a matter which can be easily corrected as future experience may dictate.

With the Loan Policy Board, as presently set up, controlled by two Cabinet officers, obviously the Administrator is subservient to them. The best proof that the Loan Policy Board does not serve a good purpose, in my opinion, is demonstrated by the fact that at every meeting of the Loan Policy Board the resolution as to policy has always been presented, and those are the only resolutions they consider, by the Administrator, and in every instance it has been unanimously adopted.

If there is such unanimity of thinking on the Board, and if the Administrator's view always prevails, then he does not need the Secretary of the Treasury or the Secretary of Commerce to do more than advise with him. If the opposite is true and their view always prevails, because he submits to their will, then our will, the congressional will, is being thwarted and the Administrator has given up the independence the law vests in him.

It is extremely important at a time like this when the Treasury Department is advocating a tight-money policy that SBA be divorced from Treasury. Right or wrong, that tight-money policy is diametrically opposed to what we expect the Small Business Administration to do for the small-business man in need of a loan. So if for no other reason than the controversy that occurs because of the tight-money policy we ought to separate the powers and let the Administrator look to those other departments of Government for advice but let the responsibility be his as to what should ultimately be done in implementing the congressional intent.

Mr. SEELY-BROWN. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Connecticut.

Mr. SEELY-BROWN. I think before the gentleman concludes his statement about the abolition of the Loan Policy Board it would be wise to point out that the new advisory board still will have two members, the Secretary of Commerce and the Secretary of the Treasury, who were on the Loan Policy Board, so that the new advisory board will still have the benefit of their wisdom and counsel in addition to the additional members who will be added.

Mr. MULTER. I thank the gentleman for that contribution. He is absolutely correct. The advisory board as continued in the proposed bill before us

consists of the Administrator, the Secretary of the Treasury, the Secretary of Commerce, and not less than 2 nor more than 6 other members of the board who will represent small business. I would like to see the size of the board left to the discretion of the Administrator. The committee feels differently and I am going along with that view. The important thing is that we do continue as members of the advisory board, the Secretary of the Treasury and the Secretary of Commerce.

Third, definition of small business: The definition of small business required rewriting in order to direct the Small Business Administration to properly implement the congressional intent.

In 1953, in the Small Business Act, Congress laid down the general criteria for defining small business. The language was clear, concise, and without ambiguity. It stated that a small-business concern shall be deemed one which is independently owned and operated and which is not dominant in its field of operation. Congress further stated that the Administrator may use additional criteria in making his determinations such as number of employees and dollar volume of business. We certainly made clear that the old "500 employee" definition should be discarded.

In 1955 the act was amended which enabled the Small Business Administration to issue individual certificates to small-business firms and required that such certificates be accepted by all other Government agencies as conclusive on the subject.

It was the desire of Congress to permit the Administrator to correct any inequities which might occur due to the general provisions of any definition promulgated by regulation.

In 1955, based upon hearings held by the various committees of Congress, we indicated to the Administrator that a definition for procurement purposes based upon these criteria was long overdue. The Administrator established an interagency task force, and after approximately 15 months finally recommended a double standard definition, one a so-called definition for procurement purposes and the other a definition for financial assistance.

The Administration's definition for its financial-assistance program set forth size standards establishing a numerical limit as a first guide for small business, industry by industry. It is our information that this definition has been working fairly well.

In the procurement field the old arbitrary 500 employee rule was continued without any change, without any consideration of the criteria established by Congress, subject only to the right of review by SBA in individual cases.

The Small Business Committee also recommended that the agency utilize the financial assistance size standards definition until it established a proper definition for procurement which more nearly effectuated the congressional intent.

Despite this clear indication of congressional intent, the Administrator put into effect his proposed definition as a

definition of small business for procurement retaining the arbitrary 500 employee rule.

It therefore became obvious that Congress would have to rewrite the definition section in the act in order that the Administrator would follow congressional intent and establish a definition for procurement purposes as required by the act.

H. R. 7963 grants the Administrator an additional 30 days from the date of enactment of the new act to establish a proper definition, and if by that time a proper definition for procurement purposes is not established by the Administrator then the size standard definition for financial assistance is to be the definition for procurement purposes until a new one is promulgated.

The Administrator has failed to follow congressional intent. No action has been taken by him to date to discard the 500 employee rule. A proper definition for procurement purposes for small business is long overdue.

When we enacted the Small Business Act of 1953 we thought we were requiring uniform criteria for defining small business for all purposes. Certainly no one in or out of Government has ever suggested any good reason for having different criteria for financial assistance than for procurement.

Nevertheless, we soon found that the Defense Department was adhering to the old "500-employee" definition. Because of the ease of operation with such an arbitrary though unfair rule, they resisted making any change.

They even told us that they would cooperate in accomplishing a change except that the law prohibited it. Inquiry soon established that the Defense Department was legally correct in its position.

Accordingly, when we amended the Small Business Act in 1955 we changed the law and repealed the arbitrary and obsolete "500-employee" definition. We had a right to believe that that would bring about a change. It did not.

Since 1953, the Defense Department has been telling our committee that it was studying the matter of a new definition. We received the same assurance from the Small Business Administrator.

After the promulgation of the regulation setting up two different definitions, one for procurement purposes, which was the old "500-employee" definition, and another for financial assistance, the House Small Business Committee asked every procurement agency to advise why they could not satisfactorily operate under the financial-assistance definition instead of the old one. Not a single Department could state any logical reason.

I am inserting in the Record at the end of my remarks the double-standard definition of small business as promulgated by the Administrator of the Small Business Administration on January 1, 1957.

I direct attention specifically to these statistics as disclosed by the financial-assistance definition in that regulation.

There are a total of 451 categories. Sixty-seven of them encompass as small-

business firms those employing up to 1,000 persons; 91 up to 500 persons and 293 are categories of industry employing up to 250 persons.

The distinguished gentleman from Iowa [Mr. TALLE], has said the definition for procurement purposes has been in effect now for 15 years, that is the "500 employee" definition. It has been in effect for 15 years and for 10 of those 15 years we have been trying to get the procurement agencies of the Government to change that rule. It is arbitrary, capricious, unfair, and unworkable. The best proof of that is found by examination of the definition as promulgated by the Small Business Administration referred to by me a moment ago.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I am happy to yield to the gentleman.

Mr. MORANO. What precisely is the definition as it is contained in the bill; if there is any?

Mr. MULTER. The definition as written in the proposed bill we have before us now continues the language that the business shall be independently owned; it shall not be dominant in the industry; and that in addition in making the definition, the Administrator shall take into account such other relevant criteria as apply including the number of employees and the volume of business—but not limited to that—

Mr. MORANO. Let me cite a specific example. I have in my own district in the city of Stamford, a company known as the Consolidated Diesel Co. It has grown from a small company to one that now employs over 500 people. For the purposes of procurement, it is not considered to be small business; as far as I can determine. Despite the fact that they have several categories of production in their plant—some categories employing 100 to 150 men and other categories employing from 100 to 200 men and so on, so that the aggregate is over 500 employees. He has not been able to get a contract under the small-business-program provision, because he is considered to be, despite the fact that he is not dominant in his field, he is considered to be big business. How will this provision the gentleman is talking about affect him?

Mr. MULTER. I think I understood the gentleman from Connecticut to say that this company manufactured engines; am I right?

Mr. MORANO. Yes; I think they do.

Mr. MULTER. I am glad the gentleman raised the question because it emphasizes the point I am trying to make. In the financial assistance definition as promulgated by the agency for lending purposes, the gentleman's constituent is small business, because in this very financial assistance definition manufacturers of engines can have up to a thousand employees and still be small business; and it is not strictly limited to 1,000, it may be more than a thousand and in some instances 1,100, 1,200, or even more, and still be small business.

Mr. MORANO. How would it apply if they were manufacturing motors, let us say generators? I think the dominant

manufacturers in this field are General Electric and Westinghouse. I think it is generators.

Mr. MULTER. For financial assistance purposes I believe that category also permits up to 1,000 employees, so he qualifies as small business for the purposes of getting a loan. But because of the arbitrary 500-employee rule for procurement he cannot get a Government contract. In my opinion, that is the height of absurdity.

The point is we have been trying to get this old 500 rule changed, that stops the gentleman's constituent from participating in small-business procurement set-asides.

The Defense Department refuses to go along with us. Other procurement agencies have said they are ready to do it, if SBA comes up with their definition. In this bill we direct SBA to take this financial assistance definition and use it for procurement purposes until it can come up with a better definition. We give them 30 days in which to do it.

Mr. MORANO. That is another point. This bill requires that determination be made by the Administrator within 30 days after it has been presented to him. Is that right?

Mr. MULTER. No. In specific cases the determination must be made within 10 days. On the question of an overall definition, this bill in effect tells SBA to come up with a new definition for procurement within 30 days or use the financial-assistance definition until such time as the new definition is promulgated.

Another point that must be borne in mind is that we have written into the law and continued in this bill the provision that anyone who feels aggrieved has the right to apply for certification. He comes to SBA and says "I am small business." The Administrator will then have to weigh the facts and circumstances of the case and determine whether he is or is not small business regardless of the number of employees, and the procurement agencies are bound by law to follow the SBA findings.

Mr. MORANO. That is just the kind of determination I have not been able to get from the Small Business Administrator in the case of this constituent of mine.

Mr. MULTER. I will be glad to inquire about that and take it up with the agency with the gentleman.

Mr. MORANO. We have already been there.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. SPENCE. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. WRIGHT. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield.

Mr. WRIGHT. I, too, have a constituent in a situation similar to that mentioned by the gentleman from Connecticut, a small oil refinery employing fewer than 500 people. However, by reason of the fact that only last year the stock of this small oil refinery, which certainly is not dominant in its field, was purchased by a company in another line of endeavor entirely. The aggregate total of all employees being greater than

the stipulated number seemed to have been the grounds for ruling this particular little refinery out of consideration under procurement.

Under the terms of this bill where any company is engaged in a line of business in which it is not dominant, as in the case of this oil refinery, but where its stock is owned by a company that is engaged in selling milk, and selling ice, altogether unrelated endeavors, inasmuch as its oil activities are not dominant in their field and inasmuch as it does not employ 500 people would it be eligible?

Mr. MULTER. Lack of dominance alone is insufficient. The point we are emphasizing is that the agency should not consider the number of employees alone nor any other criterion alone. If the company and all of its affiliates have more than 500 employees, it may be big business, or, may still be small business. I think the determining factor is not the number of employees but the overall picture, whether the company and its affiliates are independently owned and are they dominant in the industry, plus all the other pertinent and relevant facts and factors in the industry and in the particular firm. This is a situation about which we must be very careful. If General Motors, and I do not name it, in any invidious sense, started to manufacture some item and its production constituted only one-tenth of 1 percent of the production of the particular item in the whole field, and a procurement is set aside for small business in that field, General Motors cannot come in and compete for that item. General Motors is big business whether they are making this little item in competition with small business or not. SBA must take into account the overall picture. SBA should consider the number of employees, but only as one of the many criteria. It is only one of the criteria to be taken into account. It must not be the overriding or controlling one. It should not be the one that will conclude the whole problem. They must look at all the facts and circumstances in the industry and in the particular company and its affiliates, then make a determination.

Mr. WRIGHT. The determination would be made by the Small Business Administration?

Mr. MULTER. Yes, sir.

Mr. WRIGHT. The gentleman is saying then it is the intent of the committee, and it would be the intent of the Congress in the enactment of this legislation, that all matters should be considered, that the number of employees alone should not govern a determination and that the essential question is whether or not this particular concern under consideration is dominant in the industry?

Mr. MULTER. That is right. The gentleman points up the problem exactly. If you adhere to the old numerical definition of 500, and tomorrow I put one more employee on my payroll and I have 501 employees, then I am big business. That is ridiculous. Now, whether it is 501 or 1,001, you must look at the overall picture. That is why we have written the bill in such a way as to give

sufficient flexibility so as to eliminate capriciousness in the possibility thereof entering into the final determination.

Mr. WRIGHT. I thank the gentleman.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Georgia.

Mr. BROWN of Georgia. Just because a firm or industry is a small business does not necessarily mean they are entitled to a loan, does it?

Mr. MULTER. No.

Mr. BROWN of Georgia. I think the gentleman should explain that. Some people think if you are little business you are entitled to a loan in any event. There are a lot of other things to be considered before you are entitled to a loan.

Mr. MULTER. The language of the bill is such that not only must they be small business but, in addition to that, the loan must be of sound value or there must be reasonable assurance of repayment. That "or" in the statute, which has been there since we first enacted it, has been interpreted by the agency to mean "and". The Small Business Committee brought forth a bill which said you could not do that. The Committee on Banking and Currency has recommended that we should not change the language which is clear and unambiguous. In order to make our intent clear, we do so in the report by saying that the language means what it says and if there is either sound value for the loan or reasonable assurance of repayment, the loan should be made if it is not available from private sources. I will refer to this problem again in a few moments.

To resume my principal statement with reference to the changes in the bill, I will take up the fourth major change.

Fourth, authorization of funds: The present authorization of the Small Business Administration totals \$455 million and is divided in the following manner: \$230 million for business loans, \$125 million for disaster loans, \$100 million for prime contracts.

H. R. 7963 increases the authorization to \$650 million: \$500 million for business loans, \$125 million for disaster loans, \$25 million for prime contracts.

The original authorization for the Small Business Administration was insufficient and the administration had to return to Congress twice for increases. It should be borne in mind that the authorization merely sets the maximum which the agency may utilize in any of its programs. The agency is still required to justify any amount it requests and obtain the money from the Congress through the usual appropriation channels.

It is the opinion of the full House Small Business Committee that the present request by the administration is too low and much too conservative. The testimony given by the agency itself and the experience in the present tight-money market has indicated that the number of applications filed and the number of applications approved have increased and probably will keep on increasing. Even though appropriated, the loan authorization when allocated and

disbursed is not an expenditure of Government funds.

The loan cannot be made unless it is of sound value or so secured as reasonably to assure repayment. That includes repayment of interest, thus almost guaranteeing the Government against any ultimate loss on the overall program.

Fifth, interest rates: This bill provides for a 5 percent maximum interest rate on business loans and also provides for a split interest rate in participation loans. Experience indicates and our investigations confirm that a split interest rate is required in order to provide for a greater and a more active participation in this program by the banks of the country. The bill provides that the maximum of 5 percent applies only to the Small Business Administration's share of any loan.

The bill also provides for the prevailing rate of interest in the Federal Reserve district where the money loaned is to be used. There is no reason why the Small Business Administration should charge 6 percent interest in areas where private lenders charge a lesser rate.

We urge a maximum interest rate of 5 percent because in the opinion of all of the members of the House Select Committee on Small Business and almost all of the members of the Banking and Currency Committee, the 5 percent interest rate allows for a sufficient differential over the cost to the Government for borrowing its money. That differential is high enough to provide an income which will cover the expenses to the Government for the making of business loans to needy small business concerns and establish a sufficient reserve to cover all possible losses.

The suggestion has been made that a 5-percent interest rate on the Government's share of participating loans and on the Government's direct loans would create competition with private lenders. This is utter nonsense.

The law requires that before SBA can make any direct loan or participate in a bank loan, the borrower must establish that the funds are not available on reasonable terms from private sources. To satisfy this provision of the law, the Administrator very properly requires that the applicant be turned down by at least two private lenders before entertaining the application.

Under those circumstances, there can never be competition between the Government and private lenders, no matter what the interest rate.

Sixth, joint determination program: The bill has added additional language to the section of the bill which provides for the joint determination and joint set-aside programs as follows:

Whenever the administration and the contracting procurement agency fail to agree the matter shall be submitted for determination to the Secretary or the head of the appropriate department or agency by the Administrator.

The purpose of this additional language is to provide for appellate procedure by the heads of the procurement agencies and the Administrator of the Small Business Administration. In those cases where there is disagreement

as to any procurement action between the Small Business Administration and the procurement agencies, the matter shall be determined by the heads of the agencies.

Seventh, advisory committees: The Administrator has recommended that he be permitted to appoint to advisory committees persons other than the representatives of small business.

This is directly contrary to the intent of Congress. Instead of approving the Administrator's conduct which is contrary thereto, we disapprove it. We reiterate in the law, in no uncertain terms, that we expect him to appoint persons who are truly representative of small business.

Eighth, other changes: The bill also contains many changes other than those mentioned above which in our opinion will strengthen the law and enable the agency to administer the law in a better fashion. It will also enable the agency to follow more closely the intent of Congress to aid and assist small business and to obtain a fair share of Government procurement for small business.

The existing law provides that small business shall obtain a fair share of purchases and contracts for supplies and services in the Government. The word "supplies" may be interpreted to exclude certain types of property and inasmuch as some question has been raised whether this language is broad enough to cover all types of Government procurement, the language of Section 2 of the act has been rewritten to make absolutely clear that it is the intent of Congress that small business concerns shall obtain a fair proportion of all types of Government contracts. Therefore, the word "property" has been substituted for the word "supplies." It is intended that the word "property" as used in this section is to be interpreted in its broadest sense to include supplies, contracts, maintenance, repair, and construction contracts as well as any other kind of contract let by Government agencies.

The present act authorizes the Administrator to establish branch and regional offices in such places in the United States as he may determine, including the Territory of Alaska, Hawaii, and the Commonwealth of Puerto Rico.

Subcommittee No. 2 of the House Select Committee on Small Business unanimously recommended that the branch offices located in Hawaii, Alaska, and Puerto Rico, should be made regional rather than branch offices.

Since these offices are far removed from the central agency, it was deemed necessary that the offices have similar delegation of authority as regional offices in order that they properly serve small business concerns in those communities.

The present act contains discretionary authority rather than mandatory language. However, the Administrator of the Small Business Administration has assured the House Committee on Small Business and the Banking and Currency Committee that he will fulfill this function through administrative action.

The Administrator has assured the committee that he will increase the authority of the offices located in Hawaii,

Alaska, and Puerto Rico with respect to the handling of loans and other matters so that they can adequately and promptly serve legitimate small-business concerns that come to these offices and keep abreast of the expanding workload in those areas.

Experience has shown that in the disaster assistance program of the Small Business Administration, the assistance must come quickly and the victims of the disaster must be given relief and aid as soon as possible.

Therefore, the bill as now before this House has been changed in several respects, to assist the Administrator to provide this emergency help as expeditiously as possible. In the case of drought disaster loans the law now provides that small-business concerns must be located in an area where a drought is occurring. This language is changed by this bill so that a disaster loan may be made to a small-business concern located in an area affected by the drought thereby continuing the eligibility even though the drought area has been officially terminated.

Another provision of the bill which has been added would make it easier to recruit temporary personnel to serve in the disaster area and finally a provision has been included, which would make clear that the Small Business Administration could accept gratuitous services and facilities from public and private agencies and groups.

Experience and testimony before the House Committee on Small Business has established that from time to time in connection with the disaster loan program, local agencies and private business concerns offer to the Small Business Administration on a gratuitous basis, space for temporary offices or other assistance in establishing and carrying out disaster loan programs. It is presently illegal for the agency to utilize such voluntary help.

The bill directs the Small Business Administration to make studies of matters affecting the competitive strength of small business, the effect on small business of Federal laws, programs and regulations and shall make recommendations to the appropriate Federal agency or agencies for the adjustment of such programs and regulations to the needs of small business.

The existing Small Business Act provides for consultation and cooperation by the SBA and other Federal agencies in matters affecting small business in cases where such consultation is directed by the President. This bill provides that the Administrator shall consult and cooperate with other Federal agencies where he determines it to be necessary to protect and preserve small-business interests. An exception to this general rule is provided where such consultation and cooperation would unduly delay action which must be taken to protect the national interests in an emergency.

The existing Small Business Act was designed to help small-business concerns in peacetime as well as for war or defense production. Certain provisions of the act are too restrictive and contain references limiting the authority granted.

The present act, authorized the Small Business Administration to assist business concerns engaged in war, defense, and essential civilian production. Wherever the words "war" or "defense production" appeared in the present act, this bill deleted this language and wherever the word "essential" appeared before the words "civilian production," the word "essential" was deleted.

This in effect will eliminate unnecessary limitations. The provisions of the new bill will be applicable to all small-business concerns without regard to whether they are producing for war, defense or essential civilian purposes. This will broaden the Small Business Administration assistance to small business.

Under the existing act small-business concerns may form a group to establish facilities or to produce or secure raw material and obtain a loan from the Small Business Administration for that purpose. The loan limit under the act is \$250,000. However, in cases of pooled loans the limit is equal to a maximum of \$250,000 multiplied by the number of concerns in the pool.

The language of this bill has been clarified to state that pool loans may be used where the pool is formed to obtain raw materials, equipment, inventories, or supplies. The new language will aid the agency in making such worthwhile and important loans.

The bill also grants express authority for the Administrator of the Small Business Administration to consult with representatives of small-business concerns to encourage the formation of corporations which would be eligible for pool loans and conforming language is included to make it clear that the anti-trust exemptions will apply only to activities requested by the Administrator as a result of such consultation.

The new bill also provides an amendment to section 24 of the Federal Reserve Act. The present Federal Reserve Act places certain limitations on real-estate loans by national banks. Business loans made in participation with the Small Business Administration are now exempt from these limitations but disaster loans are not. Accordingly, this new amendment of section 3 of the bill would amend section 24 of the Federal Reserve Act in order to exempt disaster loans from the requirements of the section.

Loan criteria: The statute has always required that business loans made pursuant thereto "shall be of such sound value or so secured as reasonably to assure repayment."

The House Small Business Committee was surprised, to say the least, to find that the Administrator was interpreting that language by changing the word "or" to the word "and."

The language of the statute is precisely the same language as had been used in the Reconstruction Finance Corporation Act and in the Smaller Defense Plants Corporation Act.

In neither instance had the language ever been interpreted except in accordance with its plain meaning with the word "or" being plainly interpreted as in

the disjunctive, and never as the word "and" in the conjunctive.

There always have been and always will be many instances where an applicant cannot demonstrate that the loan is of such sound value as reasonably to assure repayment, but where he supplies the assurance of repayment by ample guaranties from persons not connected with his business or by supplying collateral furnished independently of his business or by persons who are not in the business.

The loan which is not of sound value thereby becomes so secured as reasonably to assure repayment.

The Congress has always intended that such applications should be approved.

In order to be sure that the congressional intent would be followed and that the Administrator would discontinue his misinterpretation of the plain language of the statute, the Small Business Committee in H. R. 7474, and in the other bills introduced on the subject, changed the language of the act.

The Banking and Currency Committee, however, in reporting its version of the bill, has left the language of the act unchanged in that respect. At the same time, that committee has made it very clear on pages 12 and 13 of its report—No. 555 of June 13, 1957—that the language of the statute means what it says and that the Congress expects the Administrator to interpret it in accordance with the plain intent of Congress. We hope that the Administrator will follow the committee's admonition and discontinue his improper construction of that language.

Mr. Chairman, the bill before the House to amend the Small Business Act if adopted by the House will aid and assist small business. It will continue our cherished system of free competition in our economic system of private enterprise. The provisions and expansion of such free competition is basic not only to our economic well-being, but to the security of this Nation. It is the declared policy of the Congress that the Government should aid, counsel, assist, and protect the interest of small business concerns in order to preserve free competitive enterprise. The passage of this bill will help to implement that policy and help to accomplish that desirable goal. The double standard definition heretofore referred to by me is as follows:

DEFINITION OF "SMALL BUSINESS"

PART 103—SMALL BUSINESS SIZE STANDARDS

SEC. 103.1. Purpose: This regulation establishes criteria and procedures to define and determine which concerns are "small-business concerns" within the meaning of the Small Business Act of 1953, as amended (hereinafter referred to as the "act").

SEC. 103.2. Definition of terms:

(a) "SBA" means the Small Business Administration.

(b) "Annual dollar volume, annual sales, and annual receipts" means the annual dollar volume, annual sales, and annual receipts of a concern and its affiliates during the most recently completed fiscal year.

(c) "Number of employees," except as SBA otherwise determines in a particular industry or part thereof, means the average quarterly employment of the concern in question and its affiliates based on the num-

ber of employees reported for the preceding four quarters to the United States Treasury Department under the old-age and survivors insurance program. If a concern has not been in existence for four full quarters, "number of employees" means the average monthly employment of such concern and its affiliates during the period such concern has been in existence.

(d) A concern is "not dominant in its field of operation" when it does not exercise a controlling or major influence in a specific kind of business activity. In determining whether dominance exists, consideration shall be given to all appropriate factors including volume of business, number of employees, financial resources, competitive status or position, ownership or control of materials, processes, patents, and license agreements, sales territory, and business activity.

(e) "Affiliates": Business concerns are affiliates of each other when either directly or indirectly (1) one concern controls or has the power to control the other, or (2) a third party controls or has the power to control both. In determining whether concerns are independently owned and operated or whether affiliation exists, consideration shall be given to all appropriate factors including common ownership, common management, and contractual relationships.

(f) Small-business certificate means a certificate issued by SBA pursuant to the authority contained in sections 203 and 212 of the act certifying that the holder of the certificate is a small-business concern for the purpose of Government procurement and in accordance with the terms of the certificate.

(g) Certificate of competency means a certificate issued by SBA pursuant to the authority contained in section 212 (d) of the act stating that the holder of the certificate is competent as to capacity and credit, to perform a specific Government procurement contract.

SEC. 103.3. Definition of small business for Government procurement:

(a) A small-business concern for the purpose of Government procurement is a concern that (1) is not dominant in its field of operation and, with its affiliates, employs fewer than 500 employees, or (2) is certified as a small-business concern by SBA.

(b) A dealer, distributor, wholesaler, jobber, agent, or other nonmanufacturer, who submits bids or offers in his own name, is deemed to be a small-business concern when (1) he is a small-business concern within the meaning of section 103.3 (a), above, and (2) he is a regular dealer as defined in the Walsh-Healey Public Contracts Act, and (3) in the case of a Government procurement reserved for or involving preferential treatment of small businesses or one involving equal bids, such nonmanufacturer shall, in order to qualify as small business, furnish the product of a small-business manufacturer or producer in the performance of the contract.

(c) Any business concern may apply to the regional or branch office of SBA nearest to such concern's principal place of business for a small-business certificate. If the applicant, together with all its affiliates, is not dominant and is otherwise determined to be a small business in its field of operation, even though it has in excess of 500 employees, a certificate will be issued certifying that the applicant is a small-business concern within the meaning of the act. The holder of such a certificate will then qualify, subject to the terms of the certificate, as a small-business concern for Government procurement purposes. If the applicant is dominant, even though together with all its affiliates it employs fewer than 500 persons the application for a certificate shall be denied.

(d) In the submission of a bid or proposal on a Government procurement, a concern which meets the criteria of section 103.3 (a) or (b) may represent that it is a small busi-

ness. In the absence of a written protest or previous denial by SBA of small-business status, such concern shall be deemed to be a small business for the purpose of the specific Government procurement involved.

Sec. 103.4. Definition of small business for financial and other assistance: A small-business concern for the purpose of financial and other assistance (except procurement assistance) is a business concern, including its affiliates, which is not dominant in its field of operation and can further qualify under the following criteria:

(a) Manufacturing: Any manufacturing concern is classified:

- (1) As small if it employs 250 or fewer employees;
- (2) As large if it employs more than 1,000 employees;
- (3) Either as small or large, depending on its industry and in accordance with the employment size standards set forth in schedule A hereof, if it employs more than 250 but not more than 1,000 employees.

(b) Wholesale: Any wholesale concern is small if its annual dollar volume of sales is \$5 million or less. Any wholesale concern also engaged in manufacturing is not a "small-business concern" unless it so qualifies under both the manufacturing and wholesaling standards.

(c) Retail: Any retail concern is classified:

- (1) As small if its annual sales are \$1 million or less;
- (2) As small if it is primarily engaged in making retail sales of general merchandise (including department stores and variety stores) or new and used motor vehicles or groceries with fresh meats and its annual sales are \$2 million, or less.

(d) Service trades: Any service trades concern is small if its annual receipts are \$1 million or less except that any hotel or power laundry is small if its annual receipts are \$2 million or less.

(e) Construction: Any concern primarily engaged in construction is small if its average annual receipts are \$5 million or less for the preceding 3 years.

(f) Trucking and warehousing: Any trucking and warehousing (local and long distance) concern is small if its annual receipts are \$2 million or less.

(g) Taxicab: Any taxicab concern is small if its annual receipts are \$1 million or less.

(h) Certificate of competency: A concern which has been issued a certificate of competency is a small-business concern for the purpose of SBA financial assistance.

(i) Other standards: If a concern is engaged in the production of a number of products or the providing of a variety of services which are classified into different industries, the appropriate standard to be used is that which has been established for the industry or activity in which it is primarily engaged. If no standard for an industry or activity has been set out in this regulation, a concern seeking a size determination should apply for a small-business certificate.

SEC. 103.5. Protest of small business status.

(a) A bidder or offerer may, prior to award, question the small business status of the apparently successful bidder or offerer by sending a written protest to the contracting officer and to the SBA regional office for the region in which the apparently successful bidder or offerer has its principal place of business. Such protest shall contain a statement of the basis for the protest and

available supporting facts. SBA will promptly notify the contracting officer of the date such protest was received.

(b) The contracting officer in a specific Government procurement may, prior to award, question the small-business status of the apparently successful bidder or offerer by sending a written notice to the SBA regional office for the region in which the bidder or offerer has its principal place of business. Such notice shall contain a statement of the basis for such notice and available supporting facts. SBA will promptly notify the contracting officer of the date such notice was received and will advise the bidder in question that its size status is under review.

(c) The SBA will, within 10 working days after receipt of a protest or notice, investigate and determine the small-business status of the concern and notify the contracting officer and the concern of its decision.

Sec. 103.6. Appeals. Any concern which has been denied small business status by SBA may file an appeal with the regional office which issued the denial. The appeal must be in writing, signed by the applicant, and shall contain the basis therefor together with any new supporting facts. The regional director shall forward the appeal, together with his comments and appropriate files, to the Chairman, Size Standards Committee, Small Business Administration, Washington 25, D. C.

The filing of an appeal shall not extend or in any other way modify the time limit for determinations as set forth in section 103.5 (c) herein.

WENDELL B. BARNES,
Administrator.

Employment size standards pursuant to sec. 103.4 (a) (3)

Census classifi- cation code	Industry	Employment size stand- ard ¹ (number of em- ployees)			Census classifi- cation code	Industry	Employment size stand- ard ¹ (number of em- ployees)		
		250	500	1,000			250	500	1,000
	APPAREL AND RELATED PRODUCTS					CHEMICALS AND ALLIED PRODUCTS			
2389	Apparel, n. e. c. ²	250			2887	Acids, fatty		500	
2393	Bags, textile	250			2812	Alkalies and chlorines			1,000
2387	Belts	250			2889	Animal oils, n. e. c.	250		
2331	Blouses and waists	250			2831	Biological products	250		
2394	Canvas products	250			2832	Botanical products	250		
2386	Clothing, sheep-lined and leather	250			2895	Carbon black		500	
2329	Clothing, men's and boy's, n. e. c.	250			2899	Chemical products, n. e. c.	250		
2363	Coats, children's	250			2842	Cleaning and polishing preparations	250		
2342	Corsets and allied garments	250			2852	Color pigments, inorganic		500	
2391	Curtains and draperies	250			2821	Cyclic (coal-tar) crudes		500	
2361	Dresses, children's	250			2826	Explosives		500	
2334	Dresses, dozen price	250			2871	Fertilizers		500	
2333	Dresses, unit price	250			2872	Fertilizers (mixing only)	250		
2398	Embroideries, except schiffli-machine	250			2825	Fibers, synthetic			1,000
2397	Embroideries, schiffli-machine	250			2896	Gases, compressed and liquefied		500	
2371	Fur goods	250			2894	Glue and gelatin	250		
2385	Garments, outer, waterproof	250			2886	Grease and tallow	250		
2381	Gloves, dress, fabric and combination	250			2863	Gum naval stores (steam distilled)	250		
2382	Gloves, work, fabric and combination	250			2861	Hardwood distillation		500	
2388	Handkerchiefs	250			2891	Ink, printing	250		
2326	Hat and cap materials	250			2819	Inorganic chemicals, n. e. c.		500	
2325	Hats and caps, cloth, men's and boys'	250			2897	Insecticides and fungicides	250		
2392	Housefurnishings, n. e. c.	250			2833	Medicinal chemicals			1,000
2351	Millinery	250			2881	Oil mills, cottonseed	250		
2323	Neckwear, men's and boys'	250			2882	Oil mills, linseed		500	
2338	Neckwear and scarfs, women's	250			2883	Oil mills, soybean		500	
2369	Outerwear, children's, n. e. c.	250			2884	Oil mills, vegetable, n. e. c.	250		
2339	Outerwear, women's, n. e. c.	250			2843	Oils and assistants, sulfonated	250		
2384	Robes and dressing gowns	250			2892	Oils, essential	250		
2321	Shirts, dress, and nightwear, men's	250			2885	Oils marine animal	250		
2328	Shirts, work		500		2829	Organic chemicals, n. e. c.			1,000
2336	Skirts, women's	250			2851	Paints and varnishes	250		
2312	Suit and coat findings	250			2834	Pharmaceutical preparations		500	
2311	Suits and coats, men's and boys'	250			2823	Plastics materials			1,000
2335	Suits and coats, women's	250			2824	Rubber, synthetic			1,000
2383	Suspenders and garters	250			2898	Salt		500	
2399	Textile products, fabricated, n. e. c.	250			2841	Soap and glycerin			1,000
2396	Trimmings and art goods	250			2862	Softwood distillation			1,000
2327	Trousers, separate	250			2865	Tanning and dyeing materials, natural	250		
2395	Tucking, pleating and hemstitching	250			2893	Toilet preparations	250		
2322	Underwear, men's and boys'	250			2853	Whiting and fillers	250		
2341	Underwear, women's and children's	250							

Footnotes at end of table.

Employment size standards pursuant to sec. 103.4 (a) (3)—Continued

Census classifi- cation code	Industry	Employment size stand- ard ¹ (number of em- ployees)			Census classifi- cation code	Industry	Employment size stand- ard ¹ (number of em- ployees)		
		250	500	1,000			250	500	1,000
ELECTRICAL MACHINERY					FURNITURE AND FIXTURES				
3621	Appliances, electrical.....		500		2599	Furniture and fixtures, n. e. c.....	250		
3692	Batteries, primary (dry and wet).....			1,000	2514	House furniture, metal except upholstered.....	250		
3691	Batteries, storage.....		500		2511	House furniture, wood, except upholstered.....	250		
3612	Carbon and graphite products.....			1,000	2519	Household furniture, n. e. c.....	250		
3669	Communication equipment, n. e. c.....		500		2512	Household furniture, upholstered.....	250		
3616	Electrical control apparatus.....		500		2515	Mattresses and bedsprings.....	250		
3619	Electrical industrial apparatus, n. e. c.....	250			2522	Office furniture, metal.....		500	
3699	Electrical products, n. e. c.....		500		2521	Office furniture, wood.....	250		
3617	Electrical welding apparatus.....	250			2541	Partitions and fixtures.....	250		
3641	Engine electrical equipment.....			1,000	2532	Professional furniture.....	250		
3651	Lamps, electric.....			1,000	2531	Public building furniture.....	250		
3613	Measuring instruments, electrical.....		500		2513	Reed and rattan furniture.....	250		
3614	Motors and generators.....			1,000	2591	Restaurant furniture.....	250		
3663	Phonograph records.....			1,000	2561	Screens, window and door.....	250		
3661	Radios and related products.....			1,000	2562	Shades, window.....		500	
3664	Telephone and telegraph equipment.....			1,000	2563	Venetian blinds.....	250		
3615	Transformers.....			1,000	INSTRUMENTS AND RELATED PRODUCTS				
3662	Tubes, electronic.....			1,000	3843	Dental equipment and supplies.....	250		
3631	Wire and cable, insulated.....		500		3821	Measuring instruments, mechanical.....		500	
3611	Wiring devices and supplies.....		500		3851	Ophthalmic goods.....	250		
3693	X-ray and therapeutic apparatus.....		500		3831	Optical instruments and lenses.....	250		
FABRICATED METAL PRODUCTS					3861	Photographic equipment.....			1,000
3491	Barrels, drums and pails, metal.....		500		3811	Scientific instruments.....	250		
3443	Boiler shop products.....	250			3841	Surgical and medical instruments.....	250		
3494	Bolts, nuts, washers and rivets.....		500		3842	Surgical appliances and supplies.....	250		
3421	Cutlery.....		500		3872	Watchcases.....	250		
3442	Doors, sash and trim, metal.....	250			3871	Watches and clocks.....		500	
3465	Enameling and lacquering.....	250			LEATHER AND LEATHER PRODUCTS				
3467	Engraving on metal.....	250			3121	Belting, industrial leather.....	250		
3424	Files.....			1,000	3131	Footwear cut stock.....	250		
3471	Fixtures, lighting.....	250			3141	Footwear, except rubber.....		500	
3431	Fixtures and fittings, metal plumbing.....		500		3151	Gloves, leather dress.....	250		
3497	Foil, metal.....	250			3152	Gloves, leather work.....	250		
3466	Galvanizing.....	250			3171	Handbags and purses.....	250		
3429	Hardware, n. e. c.....	250			3199	Leather goods, n. e. c.....	250		
3439	Heating and cooking apparatus, n. e. c.....		500		3172	Leather goods, small.....	250		
3499	Metal products, fabricated, n. e. c.....	250			3111	Leather tanning and finishing.....	250		
3481	Nails and spikes.....	250			3161	Luggage.....	250		
3432	Oil burners.....	250			3192	Saddlery, harness, and whips.....	250		
3468	Plating and polishing.....	250			3142	Slippers, house.....	250		
3492	Safes and vaults.....		500		LUMBER AND PRODUCTS, EXCEPT FURNITURE				
3425	Saws and saw blades, hand.....	250			2441	Baskets, fruit and vegetable.....	250		
3495	Screw-machine products.....	250			2443	Boxes, cigar.....	250		
3444	Sheet-metal work.....	250			2444	Boxes, wooden (except cigar boxes).....	250		
3463	Stampings, metal.....	250			2445	Cooperage.....	250		
3493	Steel springs.....		500		2424	Cooperage stock mills.....		500	
3441	Structural and ornamental products.....	250			2425	Excelsior mills.....	250		
3411	Tin cans and other tinware.....			1,000	2493	Frames, mirror and picture.....	250		
3422	Tools, edge.....	250			2492	Lasts and related products.....	250		
3423	Tools, hand, n. e. c.....	250			2431	Millwork plants.....	250		
3496	Tubes, collapsible.....	250			2432	Plywood plants.....	250		
3461	Vitreous-enameled products.....	250			2442	Rattan and willow ware, n. e. c.....	250		
3489	Wirework, n. e. c.....	250			2421	Sawmills and planing mills, general.....	250		
FOOD AND KINDRED PRODUCTS					2422	Veneer mills.....	250		
2042	Animal feeds, prepared.....	250			2491	Wood preserving.....	250		
2052	Biscuit, crackers and pretzels.....		500		2499	Wood products, n. e. c.....	250		
2051	Bread and other bakery products.....	250			2433	Wood products, prefabricated.....	250		
2021	Butter, creamery.....	250			MACHINERY (EXCEPT ELECTRICAL)				
2033	Canning and preserving, except fish.....	250			3593	Bearings, ball and roller.....			1,000
2043	Cereal preparations.....			1,000	3564	Blowers and fans.....	250		
2022	Cheese, natural.....	250			3571	Computing and related machines.....			1,000
2073	Chewing gum.....		500		3531	Construction and mining machinery.....		500	
2072	Chocolate and cocoa products.....		500		3563	Conveyors.....	250		
2071	Confectionery products.....	250			3562	Elevators and escalators.....	250		
2094	Corn products.....			1,000	3519	Engines, internal-combustion.....			1,000
2025	Dairy products, special.....	250			3511	Engines and turbines, steam.....			1,000
2090	Eggs, liquid, frozen and dried.....	250			3522	Farm machinery (except tractors).....	250		
2032	Fish, cured.....	250			3551	Food-products machinery.....	250		
2095	Flavorings.....	250			3567	Furnaces and ovens, industrial.....	250		
2041	Flour and meal.....	250			3569	General industrial machinery, n. e. c.....	250		
2045	Flours, blended and prepared.....	250			3582	Laundry and dry-cleaning machinery.....	250		
2099	Food preparations, n. e. c.....	250			3581	Laundry equipment, domestic.....			1,000
2037	Frozen foods.....	250			3599	Machine shops.....	250		
2034	Fruits and vegetables, dehydrated.....	250			3542	Metalworking machinery, n. e. c.....		500	
2097	Ice, manufactured.....	250			3579	Office and store machines, n. e. c.....	250		
2024	Ice cream and ices.....	250			3532	Oilfield machinery and tools.....	250		
2091	Leavening compounds.....		500		3554	Paper-industries machinery.....	250		
2085	Liquors, distilled, except brandy.....			1,000	3592	Pipe and fittings, fabricated.....	250		
2082	Liquors, malt.....		500		3566	Power-transmission equipment.....		500	
2098	Macaroni and spaghetti.....	250			3555	Printing-trades machinery.....		500	
2083	Malt.....	250			3561	Pumps and compressors.....		500	
2011	Meat packing, wholesale.....		500		3586	Pumps, measuring and dispensing.....			1,000
2013	Meats, prepared.....	250			3585	Refrigeration machinery.....			1,000
2023	Milk, concentrated.....	250			3576	Scales and balances.....	250		
2093	Oleomargarine.....		500		3589	Service and household machines, n. e. c.....	250		
2035	Pickles and sauces.....	250			3583	Sewing machines.....			1,000
2015	Poultry dressing, wholesale.....	250			3569	Special industry machinery, n. e. c.....	250		
2044	Rice cleaning and polishing.....	250			3568	Stokers, mechanical.....		500	
2031	Seafood, canned.....	250			3552	Textile machinery.....	250		
2092	Shortening and cooking oils.....		500		3543	Tools, cutting, jigs, fixtures, etc.....	250		
2081	Soft drinks, bottled.....	250			3541	Tools, machine.....		500	
2063	Sugar, beet.....			1,000	3521	Tractors.....			1,000
2061	Sugar, raw cane.....	250			3565	Trucks and tractors, industrial.....	250		
2062	Sugar refining, cane.....			1,000					
2096	Vinegar and cider.....	250							
2084	Wines and brandy.....	250							

Footnotes at end of table.

Employment size standards pursuant to sec. 103.4 (a) (3)—Continued

Census classification code	Industry	Employment size standard ¹ (number of employees)			Census classification code	Industry	Employment size standard ¹ (number of employees)		
		250	500	1,000			250	500	1,000
	MACHINERY (EXCEPT ELECTRICAL)—con.					PRIMARY METAL INDUSTRIES—continued			
3572	Typewriters.....			1,000	3312	Steel works and rolling mills (includes 3311, blast furnaces).....			1,000
3584	Vacuum cleaners.....			1,000	3392	Wire drawing.....			1,000
3591	Valves and fittings, except plumbers'.....		500		3333	Zinc, primary.....			1,000
3553	Woodworking machinery.....	250				PRINTING AND PUBLISHING INDUSTRIES			
	MISCELLANEOUS MANUFACTURES				2782	Blankbook making and paper ruling.....	250		
3954	Artists' materials.....	250			2781	Bookbinding.....	250		
3991	Beauty and barber shop equipment.....	250			2789	Bookbinding work, miscellaneous.....	250		
3981	Brooms and brushes.....	250			2732	Book printing.....	250		
3963	Buttons.....	250			2731	Books, publishing and printing.....	250		
3984	Candles.....	250			2771	Cards, greeting.....	250		
3955	Carbon paper and inked ribbons.....	250			2794	Electrotyping and stereotyping.....	250		
3982	Cork products.....	250			2792	Engraving and plate printing.....	250		
3942	Dolls.....	250			2761	Lithographing.....	250		
3985	Fireworks and pyrotechnics.....	250			2783	Loose-leaf binders and devices.....	250		
3962	Flowers, artificial.....	250			2711	Newspapers.....	250		
3992	Furs, dressed and dyed.....	250			2721	Periodicals.....	250		
3941	Games and toys, n. e. c.....	250			2793	Photoengraving.....	250		
3994	Hair work.....	250			2751	Printing, commercial.....	250		
3939	Instruments, musical, n. e. c.....	250			2741	Publishing, miscellaneous.....	250		
3912	Jewelers' findings.....	250			2791	Typesetting.....	250		
3986	Jewelry and instrument cases.....	250				RUBBER PRODUCTS			
3961	Jewelry, costume.....	250			3021	Footwear, rubber.....			1,000
3911	Jewelry (precious metal).....	250			3099	Rubber industries, n. e. c.....		500	
3913	Lapidary work.....	250			3031	Rubber, reclaimed.....		500	
3952	Lead pencils and crayons.....	250			3011	Tires and inner tubes.....			1,000
3983	Matches.....			1,000		STONE, CLAY, AND GLASS PRODUCTS			
3999	Miscellaneous products, n. e. c.....	250			3291	Abrasive products.....	250		
3998	Models and patterns (except paper).....	250			3292	Asbestos products.....		500	
3988	Morticians' goods.....	250			3251	Brick and hollow tile.....	250		
3964	Needles, pins, and fasteners.....	250			3241	Cement, hydraulic.....		500	
3932	Organs.....	250			3265	China decorating for the trade.....	250		
3951	Pens and mechanical pencils.....		500		3259	Clay products, structural, n. e. c.....	250		
3933	Piano and organ parts.....	250			3255	Clay refractories.....	250		
3931	Pianos.....		500		3271	Concrete products.....	250		
3996	Pipes, tobacco.....	250			3221	Containers, glass.....			1,000
3971	Plastics, products, n. e. c.....	250			3281	Cut-stone and stone products.....	250		
3987	Shades, lamp.....	250			3293	Gaskets and asbestos insulations.....		500	
3993	Signs and advertising displays.....	250			3211	Glass, flat.....			1,000
3914	Silverware and plated ware.....		500		3231	Glass, products of purchased.....	250		
3989	Small arms.....		500		3229	Glassware, pressed and blown, n. e. c.....		500	
3990	Small arms ammunition.....			1,000	3294	Graphite, ground or blended.....	250		
3997	Soda-fountain and bar equipment.....	250			3272	Gypsum products.....			1,000
3949	Sporting and athletic goods.....	250			3274	Lime.....	250		
3953	Stamps, hand and stencils.....	250			3299	Mineral products, nonmetallic, n. e. c.....	250		
3995	Umbrellas, parasols and canes.....	250			3275	Mineral wool.....		500	
3943	Vehicles, children's.....	250			3295	Minerals, ground or treated.....	250		
	PAPER AND ALLIED PRODUCTS				3297	Nonclay refractories.....		500	
2661	Bags, paper.....		500		3254	Pipe, sewer.....	250		
2671	Boxes, paperboard.....	250			3261	Plumbing fixtures, vitreous.....		500	
2651	Envelopes.....	250			3264	Porcelain electrical supplies.....		500	
2674	Fiber cans, tubes, drums, etc.....	250			3269	Pottery products, n. e. c.....	250		
2691	Paper and board, die-cut.....	250			3296	Sand-lime products.....	250		
2612	Paper and board mills.....		500		3298	Statuary and art goods.....	250		
2641	Paper coating and glazing.....	250			3253	Tile, floor and wall.....		500	
2699	Paper products, converted, n. e. c.....	250			3263	Utensils, earthenware food.....		500	
2694	Pulp goods, pressed and molded.....		500		3262	Utensils, vitreous-china food.....		500	
2611	Pulp mills.....			1,000		TEXTILE MILL PRODUCTS			
2693	Wall paper.....	250			2773	Carpets and rugs, n. e. c.....	250		
	PETROLEUM AND COAL PRODUCTS				2271	Carpets, rugs and carpet yarns, wool.....			1,000
2931	Coke ovens, beehive.....	250			2298	Cordage and twine.....	250		
2932	Coke ovens, byproduct.....			1,000	2256	Fabric, knit, mills.....	250		
2991	Fuels, briquets and packaged.....	250			2241	Fabric, narrow, mills.....	250		
2992	Lubricants, n. e. c.....	250			2295	Fabrics, coated, except rubberized.....	250		
2951	Paving mixtures and blocks.....	250			2233	Fabrics, cotton broad woven.....			1,000
2999	Petroleum and coal products, n. e. c.....	250			2234	Fabrics, rayon and related broad woven.....		500	
2911	Petroleum refining.....			1,000	2213	Fabrics, woolen and worsted.....		500	
2952	Roofing felts and coatings.....		500		2291	Felt goods, n. e. c.....	250		
	PRIMARY METAL INDUSTRIES				2274	Floor coverings, hard surface.....			1,000
3334	Aluminum, primary.....			1,000	2255	Glove, knit, mills.....	250		
3352	Aluminum rolling and drawing.....			1,000	2281	Hats and hat bodies, fur felt.....	250		
3331	Copper, primary.....			1,000	2282	Hats and hat bodies, wool felt.....	250		
3351	Copper rolling and drawing.....			1,000	2283	Hats, straw.....	250		
3313	Electrometallurgical products.....			1,000	2284	Hatters' fur.....	250		
3321	Foundries, gray-iron.....	250			2251	Hosiery, full-fashioned mills.....	250		
3322	Foundries, malleable-iron.....		500		2252	Hosiery, seamless, mills.....	250		
3361	Foundries, nonferrous.....	250			2297	Jute (except felt) and linen goods.....		500	
3323	Foundries, steel.....		500		2259	Knitting mills, n. e. c.....	250		
3391	Iron and steel forgings.....		500		2292	Lace goods.....	250		
3332	Lead, primary.....			1,000	2253	Outerwear, knit, mills.....	250		
3399	Metal industries, primary, n. e. c.....	250			2293	Paddings and upholstery filling.....	250		
3359	Nonferrous metals rolling, n. e. c.....		500		2211	Scouring and combing plants.....	250		
3339	Nonferrous metals, primary n. e. c.....		500		2299	Textile goods, n. e. c.....		500	
3341	Nonferrous metals, secondary.....	250			2261	Textile finishing, except wool.....	250		
3393	Pipe, welded and heavy-riveted.....		500						

Footnotes at end of table.

Employment size standards pursuant to sec. 103.4 (a) (3)—Continued

Census classifi- cation code	Industry	Employment size stand- ard ¹ (number of em- ployees)			Census classifi- cation code	Industry	Employment size stand- ard ¹ (number of em- ployees)		
		250	500	1,000			250	500	1,000
	TEXTILE MILL PRODUCTS—continued					TRANSPORTATION EQUIPMENT			
2216	Textile finishing, wool.....	250			3721	Aircraft.....			1,000
2294	Textile waste, processed.....	250			3722	Aircraft engines.....			1,000
2223	Thread mills.....		500		3729	Aircraft equipment, n. e. c.....	250		
2254	Underwear, knot, mills.....		500		3723	Aircraft propellers.....			1,000
2224	Yarn mills, cotton system.....		500		3732	Boat building and repairing.....	250		
2225	Yarn mills, silk system.....	250			3741	Locomotives and parts.....			1,000
2212	Yarn mills, wool, except carpet.....		500		3751	Motorcycles and bicycles.....		500	
2222	Yarn throwing mills.....	250			3717	Motor vehicles and parts.....			1,000
	TOBACCO MANUFACTURES				3742	Railroad and street cars.....			1,000
2111	Cigarettes.....			1,000	3731	Shipbuilding and repairing.....			1,000
2121	Cigars.....		500		3716	Trailers, automobile.....	250		
2131	Tobacco, chewing and smoking.....		500		3715	Trailers, truck.....	250		
2141	Tobacco, stemming and redrying.....		500		3799	Transportation equipment, n. e. c.....	250		
					3713	Truck and bus bodies.....	250		

¹ The total number of employees listed for each industry includes all employees of affiliates.

² The abbreviation n. e. c. means not elsewhere classified.

Mr. THOMPSON of New Jersey. Mr. Chairman, I would like to record my support for H. R. 7963 and to say that I hope this House passes it without delay.

On January 10, 1957, I introduced in the House of Representatives a bill, H. R. 2513, having many of the purposes written into the bill we are considering today.

My own bill proposed to make the Small Business Administration a permanent agency, and to change or replace the Loan Policy Board.

I am glad that, after many months of indecisiveness, the President decided that the Small Business Administration should be made a permanent agency also.

The reasons for making the Small Business Administration permanent are many, and these reasons are indisputably valid.

This Federal Agency has proved its effectiveness in many ways during the past four years.

If it is made permanent it will be able to attract more competent personnel, banks will more willingly participate in loans to small business, and the procurement activities of the Small Business Administration in behalf of small business can be expanded.

These objectives are worthy objectives, and we can all support them with a clear conscience.

The subcommittee of the Select Committee on Small Business of the House of Representatives recommended elimination of the Loan Policy Board, and also declared the continuation of the Small Business Administration was a necessity.

These recommendations were contained in House Report No. 1045, 84th Congress, 1st session.

As has been explained, the Committee on Banking and Currency held hearings on the Small Business Subcommittee's bill, the administration's bill, and other bills including my own bill on small business, from May 14 to May 22, 1957.

After various witnesses were heard, the gentleman from Kentucky [Mr.

SPENCE], introduced on behalf of the Banking and Currency Committee a clean bill which embodies features from many of the bills before the committee, with modifications developed in the course of the hearings.

I am convinced that if H. R. 7963 is enacted into law the Congress will give clear indication thereby to the more than four million small businessmen of our country that we are aware of the plight they face when they are confronted with the need for substantial financial assistance, in those cases particularly when such assistance is not available through private banking institutions.

House Report No. 1045 of the Select Committee on Small Business pointed out that section 204 (a) of the act creating the Small Business Administration declares that—"In order to carry out the policies of this title there is hereby created an agency under the name of Small Business Administration * * * and it shall not be affiliated with or be within any other agency or department of the Federal Government."

I am convinced that the bill we are considering today will vastly improve the work of the Small Business Administration, and that many of the so-called bugs that have developed in it from time to time will be eliminated if the present bill is enacted into law.

I would like to say this, the fine bill recommended by the Banking and Currency Committee certainly gives the kind of evidence needed to disprove the arguments advanced by the big business-dominated United States Chamber of Commerce and some of the present Federal Government officials in the Department of Commerce that bad management is the real reason for most failures of small business.

Mr. Frederick H. Mueller, Assistant Secretary of the United States Department of Commerce, a Federal official who certainly ought to know better, declared some time ago in a press interview that bad management was the real reason for most small-business failures.

In a letter to me under date of April 29, this year, Mr. Mueller pointed out that

he represents Secretary Weeks on the Cabinet Committee for Small Business and he reiterated his belief that small-business failures are due to management failure: "I also firmly believe," wrote Mr. Mueller, "that most of those who quit business, voluntarily or involuntarily, do so because of lack of managerial ability in all of its manifestations."

George J. Burger, vice president of the National Federation of Independent Business with a membership of approximately 100,000 small-business men, indignantly wrote to President Eisenhower that "the mounting opinion in the ranks of small business is that the Department of Commerce as a whole does not speak and act in the best interest of small business" and he recommended to the President that officials be appointed to the Federal Department of Commerce who have an understanding of the problems of small business. A poll of its nationwide membership by the National Federation of Independent Business found 83 percent favoring my own H. R. 2513, I am proud to say.

According to a recent report issued by the Office of the Assistant Secretary of Defense for Supply and Logistics 95 percent of all business firms in the Nation received only 16.7 percent of more than \$12 billions of defense contracts awarded during the first 8 months of fiscal 1957. This was down from 25.3 percent of defense contracts received by 95 percent of all business in 1954.

In its final report to the 84th Congress the House Small Business Committee made these highly significant findings:

The Government currently pays for almost two-thirds of all research and development going on in our country today.

The Department of Defense contracts about \$1.5 billion of research work with private companies, 95 percent of which goes to companies employing more than 500 workers.

During the past 3 years, we were told, research contracts adding up to the staggering sum of \$4.7 billion were let and of this vast sum \$4.6 billion, or 98.1 percent, has gone to the 500 largest contractors.

These private companies have the privilege, under our national patent policy, to patent and control inventions developed through these vast Federal research and development contracts. During the past 5 years nearly 7,000 inventions have been claimed by private companies, inventions which resulted from these Federal research and development contracts.

This, then, is the reality of the situation which leading Department of Commerce officials are perfectly well aware of when they talk about management failures.

I am very pleased to see that the report of the Banking and Currency Committee, House Report No. 555, on H. R. 7963, has this to say:

[The Small Business Act now provides that small business shall obtain a fair share of purchases and contracts for supplies and services for the Government. Some question has been raised whether this language is broad enough to cover all types of Government procurement. Accordingly, this language is revised in section 2 of the act as rewritten by H. R. 7963 to make absolutely clear that it is the intent of Congress that small-business concerns shall obtain a fair proportion of all types of Government contracts.]

Let us hope that the language in H. R. 7963 really takes care of the matter so that a fair proportion of all types of Government contracts will not continue to be, insofar as small business is concerned, just a pious hope and expression.

It has, I think, become commonplace to say that we are living in an age of transition and in a period of mortal peril.

As a matter of fact, such sentiments have been expressed throughout history.

Nevertheless, in two aspects our civilization and our time are unique.

In the first place, we are living in a period of unprecedented technological advancement. We have barely crossed the threshold of the age of atomic energy.

The significance of automation is still unfamiliar to most of us, even when we are aware that it foreshadows tremendous changes in production throughout our economy.

Everywhere the frontiers of knowledge are being pushed back and new discoveries are being made not only by individual inventors and scientists, but even more by organized industrial, governmental, and educational research laboratories, and institutions.

Our age is unique in another way.

This is an era in which the two most powerful nations in the world are in fundamental opposition in their political and economic philosophy, and as a result are engaged in a competitive struggle in many fields, not the least of which is in technology.

This competitive struggle is all the more awesome and crucial in view of the tremendous nuclear forces which each has in its power to unleash.

In this situation, it seems to me, the Nation has two profound responsibilities.

First, it must advance its scientific and industrial research as rapidly as possible.

Second, we must demonstrate to the world that our economic and political system, with its emphasis on individual liberty and responsibility, can advance not only the prosperity of our people but the security of our Nation to such an extent that we will have nothing to fear from whatever schemes and plans a Communist dictatorship in Russia and the satellite countries may devise.

Given these conditions, it seems clear we must make every effort to strengthen our economic and political system in order to defeat these outspoken enemies of our way of life with their cant about the inevitable triumph of their way of life.

Theirs is the wave of the future, they would have us believe, as those other Caesars of our time—Hitler and Mussolini—would have had us believe, a few years ago, about their own then-powerful states.

Russia places her entire emphasis on centralized control of her economy, and this is productive of certain strengths, but it is also productive of many weaknesses.

Our own system has been built up by small-business men, by small farmers, and the working men and women of our country, whether in the factory or in the professions.

Indeed, this has been the basic strength of our country, which has made it the greatest and most productive nation in the world, with a concern for individual liberties and values which has been the inspiration of the entire world for three and a half centuries.

I have been concerned with the trend toward bigness in business and industry which, if it continues, will surely replace our democracy as we have known it with plutocracy.

Yet the concentration of business and power that is taking place and has been accelerated in this decade is not inevitable.

However, unless it is stopped or reversed, we are headed for real trouble with our affairs in the hands of a managerial class.

What will distinguish America from Russia when the control of power is in the hands of a few people?

Indeed, there are some signs that Russia may be moving toward some decentralization of control of power with regionalization being stressed, as the President told the governors at Williamsburg, Va.

There is no such trend observable here.

In fact, President Eisenhower, in his address to the 1957 Governors' Conference, warned that "those who would be and would stay free must stand eternal watch against excessive concentration of power in government." He said:

Being long accustomed to decentralized authority, we are all too inclined to accept it as a convenient, even ordinary, fact of life, to expect it as our right, and to presume that it will always endure. But in other lands over the centuries millions, helpless

before concentrated power, have been born, have lived and have died in slavery, or have lost their lives and their liberty to despots.

Today, against the dark background of Eastern Europe, we see spotlighted once again the results of extreme and dictatorial concentration of power.

I see no recognition in the President's speech to the governors of the dangers of economic oligarchy which is equally as despotic and tyrannical as government.

As a matter of fact, history shows that there is an inevitable progression from economic oligarchy to government by the wealthy—plutocracy.

Here in our country we have seen the President's Cabinet filled with millionaires drawn from industry, from General Motors, from the M. A. Hanna Co., and so on.

How many of our top Federal officers have been drawn from the ranks of small business?

As a matter of fact, perhaps the distinguished mark of this administration have been the notable absence of bona fide small-business men from it.

The basic assumption, apparently, which is made by this administration is, insofar as I have been able to observe it, that the only good businessman is a big businessman.

As a matter of fact, a lot of the steam behind the demand for a weak Federal Government these days comes from the business oligarchy which wants to be left alone in its pursuit of the dollar and its public-be-damned philosophy.

Mr. TALLE. Mr. Chairman, I yield 3 minutes to the gentleman from Arizona [Mr. RHODES].

(The RHODES of Arizona asked and was given permission to revise and extend his remarks.)

[Mr. RHODES of Arizona addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from Missouri [Mr. BROWN].

(Mr. BROWN of Missouri asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Missouri. Mr. Chairman, surely there can be little genuine opposition to this Small Business Act. Everybody realizes—certainly the members of the Small Business Committee realize—that this legislation offers no sweeping cures for all the problems that plague the 4 million small business firms in America. In times of inflation, mergers, automation, and heavy emergency defense outlays, small business problems are much too complicated and too varied to be solved in one fell swoop by one agency or one act of Congress.

But this act continues two very essential steps in the right direction; and it should be viewed only in that light.

Proud as I am to cosponsor this bill, I regret most sincerely that it is not coupled with companion bills providing more sorely needed assistance to our small businesses.

Many times in committee, I have stressed the fact that loans—even longer

term loans—are not the major needs of small business. Small businesses need sources for risk capital even more than they need loans. Money that can be left in the business, not loans to be repaid.

The big companies have ample sources for risk capital. Even in times of tight money, they can and do float new stock issues or long-term debentures as their needs require.

Investors quite naturally want to invest their savings in the biggest, the most highly advertised corporations. The small business, even one with brilliant management and great possibilities, is too small to qualify its stock on the Stock Exchange or to interest the major investment banks. In many cases, the small firm is a family firm, a proprietorship, or a partnership.

Where can they go for risk capital for expansion? Often, the only course for the young, aggressive, hard-working businessman today is to create his own capital by plowing back into the business every possible nickel's worth of profit. More often than not, the young businessman draws less out of his business for living expenses than he could get in salary by working for someone else, because he is constantly pressed for capital in the business. There is always a payment due on equipment, a note at the bank to cover accounts receivable, a mortgage on the delivery truck.

You say, "Hasn't that always been true? Isn't that just a part of being in business?" I say to you it is worse today than ever before in our history, because each new invoice is higher than the one before. Inventory costs keep rising. And, even more important, there is always the big hand of the Federal tax collector.

How much money can a man plow back into his business when Uncle Sam is taking 30, 40, or 52 percent of the firm's net earnings?

This Small Business Act would be a much, much better act if it were coupled with a tax-reform bill to correct the inequities of the tax structure that now make it so difficult for a young businessman to build up a business by plowing back a certain portion of the profits. Tax exemption on a certain portion of earnings would be a real helping hand to small business. This would benefit all 4 million small concerns, whereas this act will provide loans for an estimated 4,000 firms per year.

But, no, the administration opposes tax relief for small business this year. They tell us every day that the Government cannot afford the loss of revenue. But how much revenue would be lost?

Would it surprise you to hear that less than 2 percent of the Federal revenues comes from small businesses?

Four million firms, and the total tax take from them is less than 2 percent.

Why, complete elimination of all taxes on small businesses would cut revenue only \$1½ billion. If the tax laws permitted a small business to plow back 30 percent of its earnings without penalty, the loss in revenue to the Government could not be in excess of \$500 million; and Congress has certainly cut that

much fat from wasteful, negligent agency spending, many times over.

This Small Business Act should have been coupled with a Small Business Tax Relief Act of 1957; and if this Congress and the President are interested in small business, that tax relief must be forthcoming.

Meanwhile, let us take at least the two essential steps provided in this Small Business Act. Let us continue the Small Business Administration so that firms denied loans by regular lending institutions will have some source of working capital. One hundred fifty million dollars a year in new loans is precious little, it is true. But it has often meant, and will continue to mean, salvation for many a beleaguered small-business man.

Let us continue and expand Government assistance to the small-business man in securing Government contracts. It is just good business for the Defense Department and other Government agencies to have a wide choice of competing suppliers. It is good for the Government; and it is good for all business.

This procurement assistance must be even more practical than it has been in the past. I hope to see the day when all businesses of all sizes will feel that they have an even break in competing for Government contracts, where new firms will spring up like mushrooms in agricultural areas, dispersed for security and economy.

This act is the means by which this goal can be accomplished. I honestly feel that the Small Business Administration has learned a lot in the last 2 years. I think it will be a better agency in the future. It must be.

For small business is basic American.

There is no feeling quite like the one of knowing that you can own your own business and do anything you are big enough to do. We must keep open the door of opportunity and this act helps to keep that door ajar. Surely the least we can do is pass it without delay.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from Maine [Mr. COFFIN].

(Mr. COFFIN asked for and was given permission to extend his remarks at this point in the RECORD.)

Mr. COFFIN. Mr. Chairman, I would like to convey, if that is possible, my awareness and appreciation of the painstaking, patient, and constructive effort that has been applied to this bill to amend the Small Business Act as reported by the Banking and Currency Committee.

I have followed the long course of public and executive hearings before Mr. MULTER's Subcommittee on Small Business and before the Banking and Currency Committee which is guided by our wise and experienced colleague, Mr. SPENCE. I know of the thought and effort that veteran fighter for the independent businessman, Mr. PATMAN, has invested in this legislation. I have testified before Mr. MULTER's subcommittee and before the Banking and Currency Committee. I have even had the temerity to venture forth and try my wings for the first time in confronting a sub-

committee of the Senate. I testified there in favor of two specific changes in the Small Business Act, one of which I am deeply happy to say is incorporated in this bill that is before us.

I am from a State where well over 90 percent of business can be legitimately described as small business. It is essential to us in Maine as it is to thousands of other communities, to our bankers and our businessmen that we in Congress demonstrate the need for the Small Business Administration by giving it a longer lifeline than it has previously been granted. I firmly believe that the SBA should be made a permanent agency. I believe this because I am convinced after long and careful study that its functions are essential to the survival of individual initiative, the encouragement of new enterprise, and the strengthening of existing small businesses. I do not contend that even this amended legislation is perfect. I do not defend the manner in which the Small Business Administration has interpreted and administered all provisions of the existing act. But the agency has proven its usefulness and it must perform functions which no other agency of the Federal Government is now authorized to perform. I hope that the House, whatever imperfections it sees in this legislation and in the Small Business Administration, will nevertheless see fit to make SBA a permanent agency.

I note that the committee in its report shows that it seriously considered establishing regional offices of SBA in Hawaii, Alaska, and Puerto Rico. This was dropped in the interest of economy and on the assurance of the Administrator that the existing branch offices would have increased authority with respect to loans and other matters. I would like to say at this point, Mr. Chairman, that I learned during my campaign for election to this House of the very real need for some kind of SBA office in my area, east of Boston. The cost and difficulties of travel to Boston is a very serious handicap to our businessmen in Maine. I promised that I would urge SBA to branch out into our Northeastern section of New England, and I am more convinced than ever that this expanded service is necessary. I most certainly hope that SBA will provide better field service on a more continuing basis.

As I have said, Mr. Chairman, I am gratified that the substance of my bill, H. R. 5651, has been incorporated in this legislation. The SBA, in an amendment to the present Small Business Act, is directed to make studies of matters affecting the competitive strength of small business and the effect of Federal laws, programs, and regulations on small business. The results of these studies and of future plans will be reported to Congress. I am sure that this will be invaluable to the SBA and to Congress which will then have the data on which to make decisions on the weaknesses of the program and to determine whether legislation is needed on specific points.

As I have stated previously here in the House and in testimony before committees, I feel that it is both desirable and

necessary to clarify SBA's authority to make loans to nonprofit groups which are attempting to attract and establish new industries in their communities. Although there does not appear to be any clear authority in the existing act for such loans, I believe we should all join in commending SBA for making some effort in this direction. These loans have been limited, restricted, and have so far involved less than \$800,000. My bill, H. R. 5693, which I had hoped to see incorporated in this legislation, would clarify SBA's authority and remove some of the self-imposed restrictions the agency has placed on the type, size, and conditions of loans to these nonprofit groups. I hope that in the future Congress will give serious consideration to some proposal such as mine.

I am very glad to see that among the committee amendments to the Small Business Act is one which somewhat broadens the disaster-assistance program. The test of eligibility has been changed to include areas affected by drought instead of restricted to those where a drought is occurring. This is a step in the right direction. But I would also advocate, as set forth in my bill H. R. 5650, that SBA be empowered to make loans in cases of economic disaster as well as disaster from flood or fire. Such expanded authority would go a long way toward preventing economic disaster. Under my bill, the President could designate a community as subject to economic dislocation and SBA could immediately make loans to businessmen in that community willing to start a new enterprise to help take up the slack. I hope that the Congress will also consider this proposal in the very near future.

The legislation which we are considering today would reduce the maximum permissible interest rate from 6 to 5 percent. I am in agreement with the committee's conclusion that small-business men who badly need credit should not be compelled to pay more than 5 percent interest to their Government, and I hope that the House will go along with this important amendment.

Although I have suggested that some further amendments are necessary in the Small Business Act, I take great pride in supporting this bill as it stands. It is a carefully considered and carefully written piece of legislation, and I am confident it will win the support it deserves.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from Hawaii [Mr. BURNS].

(Mr. BURNS of Hawaii asked and was given permission to revise and extend his remarks.)

[Mr. BURNS of Hawaii addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. SPENCE. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. PATMAN].

(Mr. PATMAN asked and was given permission to revise and extend his remarks.)

FOR THE BILL

Mr. PATMAN. Mr. Chairman, regardless of the outcome of any amend-

ment I introduce, I expect to support this bill. I am not in opposition to the bill as such. I do oppose certain provisions of the bill, and I am going to offer amendments which I believe will be helpful in correcting what I believe to be things that should be corrected. No. 1, about it being a permanent agency. That is a long step to take. The Smaller War Plants Corporation was the first agency of this kind. Why was it created in the beginning? It was created because some difficult problems arose with small-business men by reason of the emergency. Big-business people had their representatives in Washington. They could look after their interests before the different agencies, but the small-business man did not have anybody to look after his interests. And on that theory we created the Smaller War Plants Corporation. That was because of procurement problems. That was because of allocations. That was because of price controls and how they affect small business. There were good reasons for the creation of the Smaller War Plants Corporation.

There were good reasons for the succeeding agency, the Small Defense Plant Administration. There is a good reason, on a temporary basis, for the Small Business Administration; there is no question about that. The point is, are we going to say that the problems of small business are chronic problems, that they will always be with us? If we say that, then we are saying that we will always be in an emergency.

It has been the hope of all of us who have supported legislation of this type that the time would arrive when there would be no need for it.

There is a committee in this Congress that is comparable to the Small Business Administration, the Small Business Committee of the House of Representatives. It is not a permanent agency. It is not a permanent committee of this House. No one has ever asked that it be made a permanent committee of this House. Why? Because we consider the problems affecting small business as emergency problems for this period only, or the period of the war, or the period after the war, periods when it is necessary to have more national defense than is normal, which affects our entire economy. Then is when we must look after the problems of small business. But we have never asked that the Committee on Small Business be made a permanent committee. I have hopes one of these days, and it should not be long, when there will be no further need for the Small Business Committee of the House. I have hopes that there will be no further need for the Small Business Administration, and the point that I want to make here is that when I get back home and one of my constituents asked me, "Did you try to increase the Government payroll when you were up there?" I would say, "No, I did not try to increase it."

"Did you not vote to make the Small Business Administration a permanent agency and increase by thousands of employees the number of people on the Federal payroll, creating lifetime jobs?" I do not want to have to say that I did,

because from my standpoint, that would look as though I were just grasping for something, an excuse, to put more people on the payroll and to make an agency permanent when it was not necessary. I do not want to be put in that position.

Let us continue this agency for 2 years. Let them come back 2 years from now and if there is still need for it, we can continue it for 2 years more or 4 years more, whatever is necessary. But let us not automatically and arbitrarily blanket in as permanent employees of the United States Government thousands of employees. It is not necessary to do it. One of these days we might not even need them. We hope we will not. We did not need them before we had these emergencies. We did not have them then and the time will come when we will not need them. This question about blanketing in additional employees is a serious question.

Mr. SEELY-BROWN. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. SEELY-BROWN. Two questions. Does the gentleman feel that the problems of small business are not continuing problems? We may not like that, but they are just as much continuing problems as are the problems, if you will, of agriculture; as are the problems of the defense of our country. Do you not think that the problem the small-business man faces is tied in with the problems of all our economy?

Mr. PATMAN. Yes, but we have committees to look after that. You take the Judiciary Committee. It looks after problems that have to do with the anti-trust laws, the Clayton Act, the Sherman Act, the Robinson-Patman Act, and all the other laws. The Committee on Interstate and Foreign Commerce is a standing committee that looks after many of the normal problems of small business. The Small Business Committee is only looking after the abnormal problems, problems that arise in an emergency only, something that is temporary and not supposed to be lasting. They are not chronic. If they were chronic, we should always need a Small Business Committee in the House, but they are not chronic.

Mr. SEELY-BROWN. When you tell your constituents that you voted against making the SBA a permanent agency because you did not want to add to the Government payroll, how do you answer them when they ask you, "How does it happen that the Small Business Committee has a staff of over 23 members right now, probably the largest paid staff of any committee in the Congress?"

Mr. PATMAN. That is looking after their problems in an emergency, for only 2 years. It is not a continuing committee. There is a limitation, there is a termination. This has no termination. This is from now on out. This is forever. This is putting them on the payroll forever and forever.

Mr. WIDNALL. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from New Jersey.

Mr. WIDNALL. Does not the gentleman admit that the function of the Small Business Administration has been

more than that of a lending agency, that they contribute from year to year in helping small business to understand their problems, advising them how to run their businesses, and giving them an opportunity to progress from the advice that comes through the governmental agency?

Mr. PATMAN. I do not want to admit I am sending people out from Washington to show these fellows how to run their businesses. I doubt that their rating would be very high in that respect. I just doubt that it would. The Small Business Administration has done a much better job the last year, I know it has. If you will take this bill and look it over, you will find that over 50 percent of it is on procurement. Procurement? What is it related to? It is related to national defense, high Government spending for national defense. Are we always going to have that high spending for national defense and, therefore, are we saying that we will, and that we have to have a Small Business agency to look after procurement? We hope the time will come when we will not have these special problems of procurement.

Mr. WIDNALL. Has not the Small Business Administration done a splendid job in getting the participation of banks in making loans, where they would not previously grant loans?

Mr. PATMAN. Yes; they have procured a lot of business for the banks, and it is possible they could be criticized for it in some instances. The banks could sit down and do nothing, and the SBA could get out and spend Government money on good loans that they would make money on. In some cases, being normal human beings, as we are, they will wait for something like that. They have got a lot of profit from loans made that way, but the taxpayers are paying it. Are you willing to see this a lasting thing? a chronic thing?—that it will always be with us; and that we will never cure it.

Mr. WIDNALL. May I answer the gentleman by saying I like a Government agency that tries to encourage private enterprise and tries to find them a niche in the lending field, where they should properly be.

Mr. PATMAN. Does not the gentleman believe there should be some incentive to do a good job? If you make them a permanent agency, there is no incentive to be looking for something that will be for the benefit of small business. But you make them come back every 2 or 3 years and get a renewal and they will have some incentive. They will bring in some incentives like risk capital. One of the most serious problems affecting small business is its failure to get risk capital. There is no place in the United States where he can get adequate risk capital. Why has not the Small Business Administration recommended something for this Congress to pass? They have not made one recommendation. If you make them permanent, they will not try to bring up a formula or a plan that will be helpful for small business to get risk capital. But, if you just make them come back every 2 years and charge them with the duty of bringing in a plan to

afford risk capital to small business, they will be working on it and they will be bringing in something in a year or 2 years from now.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. MULTER. The gentleman said something about blanketing into this agency these employees, if you make it a permanent agency. The fact of the matter is according to the record made before our Committee on Banking and Currency, and I refer to page 270, the Small Business Administration presently has approximately 94 percent of its employees on civil-service status. These are civil-service employees with status, and whether you abandon this agency or make it a permanent agency, you cannot take that civil-service status away from them. The law guarantees their civil-service status to them.

Mr. PATMAN. But you can keep them from becoming permanent employees of this agency. They can go to another agency, if they have permanent status. But here you are blanketing them in and you make these employees have a permanent status with this agency, if you make the agency permanent.

Mr. MULTER. How long do you think these employees are going to stay with this agency if it is not made a permanent agency? They are going to go to another agency that is permanent before this agency folds up.

Mr. PATMAN. They do not have any trouble keeping their employees. They have never had any problem on that score, I will say to my friend. That is one problem that they do not have.

Mr. MULTER. Would the gentleman suggest that the Department of Commerce be put on a temporary basis?

Mr. PATMAN. It is not comparable at all.

Mr. MULTER. Will the gentleman concede that the Department of Commerce is helping big business?

Mr. PATMAN. You might just as well say the Committee on the Judiciary should be abolished because the Small Business Committee is not a permanent committee of the House. The two things are not comparable at all.

Mr. MULTER. Will the gentleman concede that the Department of Commerce is taking care of big business?

Mr. PATMAN. They help all business, I guess. That is what they are supposed to do. But, there is some duplication here. There is a lot of duplication here between the Small Business Administration and the Department of Commerce.

Mr. MULTER. But they assure us that there is no duplication.

Mr. PATMAN. Of course, they would say that. You did not expect them to say anything else; did you?

Mr. MULTER. They say that there is no duplication. As a matter of fact, the SBA is the only agency that I know of in the Government that is doing anything for small business.

Mr. PATMAN. I would like for the gentleman to make it a matter of record and take an opposite view on this for the benefit of the legislative history of this matter. I think it is important. In

this particular bill the Small Business Administrator would be permanent. He has a permanent job from here on out.

Mr. MULTER. But he is subject to removal by the President.

Mr. PATMAN. Where does it say that he can be removed by the President?

Mr. MULTER. That is what the law says now.

Mr. PATMAN. Where does it say it in the bill?

Mr. MULTER. It does not have to be in this bill. If you, by law, create an office and you do not give tenure the person holding the office is subject to removal at the will of the President unless there is a contrary statement in the law.

Mr. PATMAN. I am glad the gentleman makes that statement. I hope it will be considered for the legislative history because I certainly do not want any administrator to be made permanent. I am afraid this bill makes him permanent.

Mr. MULTER. This matter has been decided any number of times all the way up to the United States Supreme Court. It has been decided any number of times that if there is no tenure of office, a man is removable at the will of the President.

Mr. PATMAN. I will take the gentleman's word for it. But, I want this agency to come back here 2 years from now and let us look it over. Let us see what they have done and what kind of emergency there is going to be, and to see whether we still have a procurement problem, and to see whether we still have problems regarding allocations of materials, scarce materials and so on. If so, why then we might continue it. But, if we do not, then perhaps it is not necessary to continue it. We are just seeking an opportunity to make an agency a permanent agency here according to what it looks like to me when there is no real need or any genuine demand or necessity for it. This is a temporary agency. I want to help small business as much as anybody, but I do not want to have some agency created here which will say to 4 million small-business men of America, "This is your agency. This is for you. Here is where you get your relief and that is all." That is a very poor excuse. The limit of what may be loaned is \$250,000. Is that going to be our appreciation for the small-business man? Is that what we tell him? Do we say to the small-business man, "We will let you have \$250,000 for the little men to fight among yourselves, but if you want to borrow a million dollars to go into competition with General Motors or General Electric or some other big concern, in the making of some item we will say no because that is stepping on the toes of the big man and we will not let you do that"? We should not let that be our appreciation of little business and small business. We must go into these problems and go into them frequently and do what is necessary to attempt to help small business. The big people of this country have plenty of ways to get credit. The small-business man does not have a satisfactory way and no way to get risk capital, not one way.

The big concerns in America can go to the banks; they are directors of banks, they have interlocking directorates.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. PATMAN. Mr. Chairman, will the gentleman yield me 5 additional minutes?

Mr. SPENCE. I yield the gentleman 3 additional minutes.

Mr. PATMAN. Why three?

Mr. SPENCE. The concluding speech ought to be for the bill.

Mr. PATMAN. How much time have we remaining, Mr. Chairman?

The CHAIRMAN. The gentleman from Kentucky has 11 minutes remaining.

Mr. SPENCE. I yield the gentleman five additional minutes, but I would state that the concluding speech ought to be for the bill.

Mr. PATMAN. I am for the bill, I am going to vote for the bill, but there are some amendments I intend to offer that I have not had a chance to speak about yet.

I am for the bill; we must pass it, but I do not want it passed as a permanent agency. I want to make it 2 years so that they will have to come back and make a report showing some reason why it should be continued. Then they will do something of real value for the little-business man. Then they can come back and show some good work accomplished for small business.

Mr. SANTANGELO. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. SANTANGELO. The objection the gentleman has to the permanency of this agency is that they would not be required to make a report.

Mr. PATMAN. They would make reports from time to time, certainly.

Mr. SANTANGELO. As I read section 9 (a), they are compelled to make reports.

Mr. PATMAN. That is different entirely, I may say to my friend. Such reports would be pointless.

Mr. SANTANGELO. As I understood, the gentleman objected because he thought that if this agency were not made permanent they would have to submit a report.

Mr. PATMAN. They would make reports to the legislative committee that held their life or death in its hands.

Mr. SANTANGELO. What is the objection to permanency?

Mr. PATMAN. I thought I had explained it thoroughly. I tried to make it very clear that it is not necessary that it be permanent; that we should have them come back here to find out what they were doing for small business, if they were getting risk capital for small business. They have never done that. They need some incentive to get out and work for the small-business man. If we make it permanent and do not give them an incentive, they will not be nearly so effective. They can always make a report. But if they have to prove the work they have done they would have an incentive to really help the little fellow.

The large concerns have plenty of ways to get money. Their top men are directors in large insurance companies; they are directors in banks. The World Bank, if the concern has any part in world trade, can lend them money; big business can get a billion dollars. The Export-Import Bank has millions of dollars available for big business anywhere in the world—Canada, Mexico, anywhere—but not a dollar is available for risk capital here in the United States of America.

International Finance Corporation has lots of money to make loans, risk loans, anywhere in the world, Canada, Mexico, anywhere except the United States of America, but not here; we do not have any agency.

Are we going to be complacent about the situation and say we are not going to seek opportunities to give little concerns risk capital? We should not do that. We should not be complacent. We should be on the alert, we should be looking forward as to how we can be helpful to the little man.

We do not want the agency made permanent. It should be restricted to 2 years or 4 years.

Mr. Chairman, I yield back the balance of my time.

Mr. TALLE. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. RIEHLMAN].

(Mr. RIEHLMAN asked and was given permission to revise and extend his remarks.)

Mr. RIEHLMAN. Mr. Chairman, I rise in support of this legislation. I would like to commend the Banking and Currency for the splendid work they have done in respect to bringing this bill before the House today.

My one hope is that the House will not be inclined to vote to extend the life of SBA for only 2 years; I hope they will follow the committee recommendation and that we will make it a permanent agency, because I feel it is vital and necessary to the welfare of both business and industry in this Nation of ours.

Many constructive steps have been taken to institute programs designed to place small business on an equal footing with other segments of our economy. Perhaps one of the most important accomplishments in this direction came in passage of the 1953 act which established the Small Business Administration. This agency was required to devote its activities solely to the needs of small business. The Congress, in establishing this peacetime agency for small business decided its authority should be limited to a 2-year period. Again in 1955 after a searching investigation by Subcommittee No. 2 of the House Small Business Committee and an equally objective consideration by the Committee on Banking and Currency of the House, recommendations were adopted to continue the Small Business Administration for an additional 2 years.

As a result of the record of service to small business by the Small Business Administration in the last 4 years and in recognition of the fundamental require-

ment for the health and welfare of our free competitive system, there has been a spontaneous and almost unanimous desire to establish a permanent small-business agency. The small-business community wants the Small Business Administration to become a permanent agency. The administration has recommended it. The most interested agencies in the executive department of our Government, including the Department of the Treasury, the Department of Defense, the Department of Commerce, the General Services Administration, and the Atomic Energy Commission, have recommended that the Small Business Administration be placed on a permanent basis.

In making this agency permanent the Congress will materially strengthen the two most important programs of the agency, namely, the business loan and the Government procurement programs.

It is my hope that H. R. 7963, as introduced by the distinguished chairman of the Banking and Currency Committee of the House of Representatives, the gentleman from Kentucky [Mr. SPENCE], will be passed without amendment. The Banking and Currency Committee has given careful and thorough consideration to the many bills which were presented for its consideration. H. R. 7963, as reported by the Banking and Currency Committee, is a clean bill which embodies the constructive thinking of many Members of the House and of the administration.

Originally an administration bill was introduced by the author of the Small Business Act of 1953, my distinguished colleague and the ranking minority member of the House Small Business Committee, the gentleman from Colorado [Mr. HILL]. The administration's bill was also introduced by the distinguished ranking minority member of the Committee on Banking and Currency, the gentleman from Iowa [Mr. TALLE].

In connection with this legislation and as a part of its continuing program, Subcommittee No. 2 of the Select Committee on Small Business conducted an exhaustive study and held hearings on the operations and progress of the Small Business Administration during the months of March and April 1957. The subcommittee under the able leadership of its distinguished chairman, the gentleman from New York [Mr. MULTER], agreed unanimously that certain changes should be made in the present act as well as in the administration's proposal in order to further strengthen the activities and the services of the Small Business Administration.

Members of the subcommittee drafted and introduced its own bill in which they were joined by other Members of the House who serve on the Small Business Committee. Twelve members of our Small Business Committee introduced the bill as proposed by Subcommittee No. 2. The Committee on Banking and Currency has accepted several of our recommendations and made other constructive changes which resulted in the bill H. R. 7963.

Personally, I believe the House has before it a fine piece of legislation which has been accomplished through reconciliation of divergent views in the highest tradition of our legislative processes.

May I say at this point a word of commendation for the members of Subcommittee No. 2 of the House Small Business Committee. They are, as I have noted, the gentleman from New York [Mr. MULTER], our capable and diligent chairman; the gentleman from Illinois [Mr. YATES]; the gentleman from Oklahoma [Mr. STEED]; and the gentleman from Connecticut [Mr. SEELY-BROWN]. It affords me a great deal of satisfaction to be associated with and to be a part of the membership of this subcommittee. In all of its deliberations I can say without reservation that the members of Subcommittee No. 2 have worked harmoniously and in a spirit of nonpartisanship and with one common purpose. That is to achieve the fullest opportunity for small business to prosper and to grow in our economy.

I know that the chairman and members of the Committee on Banking and Currency have explained H. R. 7963 in detail. However, I desire to devote a short time to some of the more important proposals and to recount a few of the accomplishments of the Small Business Administration.

H. R. 7963

The report filed by the Committee on Banking and Currency and the testimony received in hearings clearly indicate that Small Business Administration activities have sharply increased. SBA activities are expected to increase in coming years as the small-business community of our Nation becomes more cognizant of the role of the SBA in our Government. The legislation is designed to place the Small Business Administration in the best position possible to meet not only the continuing needs of small business but also the increased demands which most surely will be placed on this agency.

Among the principal changes as outlined in the report of the Committee on Banking and Currency are: to make SBA a permanent agency; to require a new definition of small business for procurement purposes; to reduce the interest rate on SBA's direct business loans and on SBA's share of loans made in participation with private lenders and to allow banks or other participants additional latitude by removing the ceiling on their share of such loans; and to establish a National Small Business Advisory Board in place of the Loan Policy Board.

A PERMANENT SMALL BUSINESS ADMINISTRATION

Probably the most important aspect of the pending legislation is that of permanency. The policy of the Congress with regard to small business cannot be fully carried out unless the Small Business Administration is made a permanent agency. The Small Business Administration cannot perform its greatest usefulness unless the agency is placed on a continuing basis.

Banks have been hesitant to participate in the financial program to the fullest extent because of the temporary

nature of the SBA's authority. As the expiration date of the Small Business Act has approached, increasing difficulties have arisen in obtaining agreements for participation loans. Throughout the business world better relations will be established by placing the Small Business Administration on a permanent basis.

Problems within Government are also created because of SBA's temporary status. The effectiveness of the Small Business Administration is lessened in its relations with other departments and agencies. Some agencies are reluctant to embark on long-range programs with the SBA.

In the personnel field, the Small Business Administration continues to encounter difficulties. A lack of incentive exists for longer-range training programs—which would increase efficiency—and qualified specialists are not attracted to the agency under the present law. A vital responsibility of the SBA concerns the Nation's defense program, but complete participation of the Small Business Administration into national defense planning is difficult to attain until permanency is established.

THE "500" RULE FOR CONTRACT AWARDS

The definition of small business for purposes of Government procurement has been for many years a matter of considerable concern to small business. The Small Business Administration presently uses two definitions, one for financial assistance and the other, the so-called "500" rule, for procurement. The procurement definition has been far from satisfactory. The Committee on Banking and Currency, although modifying the Small Business Committee proposal, has brought forth constructive changes which will be valuable in clarifying congressional policy and will enable the Small Business Administration to promptly put this policy into effect.

At present the law provides that a small business concern shall be one which is independently owned and operated and which is not dominant in its field of operation. The Administrator, in making a detailed definition, may use as criteria, among others, number of employees and dollar volume of business.

Amendment to the present law would provide that if Small Business Administration uses number of employees as a basis of determination, the maximum number of employees shall vary from industry to industry to the extent necessary to reflect differing characteristics of such industries. This provision safeguards small business interests to a much greater extent than the interpretation existing under the present act. H. R. 7963 requires the Administrator of Small Business Administration to establish a new definition for procurement and if the new definition is not put into effect within 30 days, Small Business Administration's present definition for financial assistance shall apply for procurement purposes until the promulgation of a new definition.

THE RATE OF INTEREST ON BUSINESS LOANS

Another significant and important revision which would result from adoption

of H. R. 7963 is reduction of the maximum interest rate from 6 to 5 percent on direct business loans and on Small Business Administration's share of a business loan made in participation with banks. In addition, the 6-percent ceiling would be removed from the bank's share of a participation loan.

A point raised in respect to reduction of the interest rate is the possibility that competition between the Small Business Administration and banks would arise. It should be made clear that there can be no competition between the banks and the Small Business Administration because the bank has first opportunity to grant a loan. Application to the Small Business Administration for loans can only be made when financial assistance is not available from other credit sources at reasonable terms.

The Congress did not intend that Small Business Administration activities supplant the normal lending functions of our private financial institutions. The proposed legislation does not alter this in any degree. The Small Business Administration is designed to supplement these functions in those areas where the private institution cannot meet the demand of small firms.

Neither has it been congressional intent that the Small Business Administration was established for the purpose of making a profit for the Government. Providing a necessary service to the small business community is the only justifiable reason for its existence. Reduction of the interest rate to 5 percent will not result in a loss to the Small Business Administration, but by such reduction, small business enterprises in urgent need of credit will be given further beneficial assistance in achieving sound economic status.

In reducing the interest rate, the Congress will bring this program closer in line with other lending programs now carried on by the Federal Government.

NATIONAL SMALL BUSINESS ADVISORY BOARD

The abolishment of the present Loan Policy Board, and replacement by a special advisory board, is another constructive step which will bring the SBA closer to small business in determining loan policy and further assure its status as an independent agency.

The National Small Business Advisory Board will be composed of the SBA Administrator, the Secretary of the Treasury, the Secretary of Commerce, and not less than 2 nor more than 6 other individuals appointed by the Administrator who are familiar with small-business needs and problems and are truly representative of small-business interests.

The Board shall serve only in an advisory capacity and would consult with the SBA in carrying out the purposes of the act. Changes in this section will result in the Small Business Administration determining policy, whereas under present law the Loan Policy Board establishes general policies governing granting and denial of applications for financial assistance.

Revision of this section of the law does not deprive SBA of the services of any agency or department of Government, but clearly places the burden of respon-

sibility in determining policy upon the Small Business Administration as it should be. Services of the Secretaries of Treasury and Commerce are utilized in an advisory capacity, and in addition, individuals who are close to the small-business scene are also invited to aid in this program. I think a distinct weakness is overcome by placing members of the small-business community on such an advisory board. This will be a vital factor in bringing the Small Business Administration closer to the people which it serves.

ACCOMPLISHMENTS OF THE SMALL BUSINESS ADMINISTRATION

Throughout the years small firms have been unable to secure equity capital in the organized security markets. While private financial institutions have apparently supplied most of their demand for short-term credit to fill working capital requirements, these same institutions are unable to advance credit of relatively long maturities. Frequently it has been found that the type of long-term credit desired by small business could not be handled by commercial lending institutions.

Establishment of the Small Business Administration has alleviated some of the difficulties, as I shall indicate in reporting on a few of the activities of the Small Business Administration. However, in discussing legislation which will be more beneficial to small business and more accurately carry out the intent of the Congress, we should not overlook the accomplishments that already have been made by the Small Business Administration.

The Small Business Administration has been diligent in its efforts to provide assistance to small business. Each 6-month period since its establishment the Small Business Administration has shown an increase in the assistance rendered to small business. The latest figures—May 31, 1957—show that there have been 6,820 business loan approvals for a total of \$311,494,000.

Moreover, there has been continued effort to expand the financial-assistance program. The loan policy has been changed many times to broaden the base of the business-loan program, and a limited loan participation program has been developed which is meeting with considerable success. This type of loan was designed to assist the small retailer, wholesale distributor, and service establishments. Some 1,737 of these loans have been made, as of May 31, 1957, with the Small Business Administration participating up to \$15,000, or 75 percent, of the loan, whichever is the lesser.

Greater authority has been delegated to field personnel in an effort to expedite processing of loans. Regional officers can now approve direct and participation loans up to \$20,000; participation loans up to \$100,000, where there is a 25-percent participation and where one-half of the bank's share is new money; and, finally, they may approve disaster loans up to \$50,000.

Procurement as well as the technical-assistance programs have been increasingly effective each year since the beginning of the Small Business Admin-

istration. Much reliance is placed by the Small Business Administration on its set-aside program whereby all or certain portions of particular procurements are set aside for exclusive bidding by small business concerns. There has been an increase in set-asides, from \$386,610,589 for fiscal 1955 to \$645,376,188 for the first 11 months of fiscal 1957. In all, some \$1,707,538,810 in set-asides have been agreed to by the military procurement agencies since August 1953. The Small Business Administration has broadened its set-aside program to include civilian procurement agencies and already some \$50.6 million in set-asides have been agreed to by these civilian procurement agencies. I would like to emphasize that this has been accomplished by only 37 procurement specialists, of whom only 16 are full time, covering some 159 procurement offices throughout the country.

I think as we look over the record of accomplishments of the Small Business Administration, we can take justifiable pride in the splendid development and consistent advancement of a program that has been in existence only 4 years. Adoption of the Small Business Act in 1953 was a farsighted step and one of the most important actions taken by the Congress in furthering the progress of this Nation.

I believe it has been clearly indicated that this program is of vital necessity to the welfare of thousands of small businesses which are so essential to our local communities and to our economy as a whole.

Small business is an integral part of our productive capacity—both in peace and in war. Adverse economic pressures of today may only effect small business, but if small business does not achieve stability and is not able to keep pace, tomorrow may find these same adverse economic pressures threatening the well-being of all segments of our free-enterprise system.

H. R. 7963 is sound legislation designed to meet these problems through methods consistent with the principles that have served as guideposts in the growth and progress of our Republic.

(Mr. CURTIS of Missouri (at the request of Mr. TALLE) was given permission to extend his remarks at this point in the RECORD.)

[Mr. CURTIS of Missouri's remarks will appear hereafter in the Appendix.]

Mr. TALLE. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. SHEEHAN].

Mr. SHEEHAN. Mr. Chairman, I rise in support of the pending bill, H. R. 7963. As one of the members of the House Select Committee on Small Business, it is my earnest hope that this bill will be considered and accepted by the House in its present form unless there are some especially good perfecting amendments offered.

I should like to mention the fact that I agree fully with the ranking minority member of the committee, the gentleman from Iowa [Mr. TALLE], when he said that one of the great deterrents to

small business is our present tax structure.

Since 1932, in my opinion, the tax laws have at best been a great hindrance to small business generally, and have served to liquidate the small-business man and also to liquidate the middle-class people, for the reason that when salary or earnings through business operations become just enough so that you may be able to grow a little bit, the Government steps in and becomes a partner for more than 50 percent of the profits.

Mr. Chairman, I would like to call the attention of the Members to one of the phases in the bill that I think might be looked into more closely. I refer to the idea of reducing or maintaining the percentage of interest at 5 percent. It should be remembered that the Small Business Administration program, as designed and implemented by the Congress, supplies one of the main sources of funds, and it is the only source in many cases, for certain small businesses looking for term funds or risk capital; that is, capital which the average bank cannot supply to him because it is long-term capital. I would not like to see the small-business man get into the same position that the veterans are in where the Government has fixed the interest at 4½ percent with the result that the banks, the savings and loan associations, and the many lending institutions are not lending money to veterans for housing mortgages because of an unrealistic interest rate. The same may be true if we limit the maximum interest rate to 5 percent for business loans on the Government's share of the loan.

I realize that the Government is making money because it is borrowing this money at about 3 percent and lending it to small business at 5 percent. I do not like to see the Government make money out of small-business firms. On the other hand, I do not like to see our small-business firms hamstrung, with an unworkable program. I also fully realize that many other Government programs, like the Rural Electrification program and many other programs, are able to borrow money at 2, 2½, or 3 percent. That is a different proposition in my mind because the banks have to participate. Here we will have a bank participate in a loan and they charge the customer say 6 percent on 10 percent of the loan and the Government charges 5 percent of the remaining 90 percent of the loan.

Then other problems will arise in this connection. Suppose, for instance, the bank together with the Government made a loan and after 6 months or a year the loan is paid down to 50 percent, the bank would be in position to take over the whole loan because it is seasoned and the company is going ahead satisfactorily. What would happen? Why would the businessman want to get the Government out of the loan? He is able to get it at 5 percent from the Government. If he gave the whole loan to the bank he would have to pay 6 percent. The bank would be very reluctant to take it at 5 percent because they would be able to get 6, 7, or 8 percent on their money from other borrowers. We do not want to put

small business in a position where the funds may be shut off because of a non-realistic Government approach.

I do know that in our Chicago area only approximately 1 out of every 15 loans is a Government direct loan. The other 14 are bank participation loans. That is a far cry from the old days of the RFC when approximately two-thirds of all loans were direct loans and only one-third with the banks. I am not spelling out any brief for the banks, but I firmly believe that on the local level the banker can watch the individuals closer, the bank can watch the company closer, because in a majority of the cases it is handling the checking and savings accounts of the individuals involved and knows from day to day what is happening with the company, whereas the Government here in Washington frequently does not know new developments until it is too late.

The limited loan participation program introduced about 18 months ago has proven a constructive avenue of assistance to such types of business which require a minimum of fixed assets yet deserve term credit. Small retail, wholesale, service establishments fall in this category. But such loans require bank participation of not less than 25 percent of the loan. With two different interest rates, the banks could become very reluctant to participate in this type of loan.

So, I earnestly solicit the attention of the House in taking a second look at this 5 percent Government interest maximum so that we can be realistic and enable the small-business man to continue to work with the local facilities. As I view the needs of small business the rate of interest is secondary to the primary need of capital. I would prefer to pay a little extra interest and get long-term capital needs than to have the Government offer a low rate of interest and find it most difficult to obtain the loan from a local bank.

Mr. TALLE. Mr. Chairman, I yield such time as he may desire to the gentleman from New Jersey [Mr. WIDNALL].

(Mr. WIDNALL asked and was given permission to revise and extend his remarks.)

Mr. WIDNALL. Mr. Chairman, I intend to support this bill when it comes to final passage. I believe a lot of very wholesome changes have been made in the act on the recommendation of the committee, particularly in view of the fact that a permanent agency status was created for the Small Business Administration. This is a recommendation of the administration and of the committee. I believe the facts elicited during the committee hearings showed the necessity for recognizing that status, because it will do a better job for the small-business people of this country.

The Small Business Administration has been operated since July 30, 1953. As stated in the committee report:

It is the first independent Government agency created to serve and represent all small businesses both in peacetime and in periods of national emergency. Its activities are designed to help small business (1) gain access to adequate capital and credit, (2)

obtain a fair share of Government procurement; and (3) obtain competent managerial and technical assistance.

Under Wendell Barnes, the Small Business Administrator, the SBA has performed in an eminently successful manner. The record shows that through April 30, 1957, 6,443 business loans totaling \$295 million had been approved. In addition, in an outstandingly successful program, \$63 million in disaster loans have been approved through the same date.

This has all been accomplished with a loss of only \$102,377.27 involving 6 loans.

To me one of the most effective areas in which SBA has operated has been in its assistance to small business in obtaining a fair share of Government contracts. The Small Business Administration has obtained the cooperation of other Government agencies so successfully that through March 25, 1957, a total of 19,123 procurements were set aside in a total amount of \$1,619,593,650.

The bill now submitted to the House makes several salutary changes in the existing law. I believe that the creation of a National Small Business Advisory Board replacing the Loan Policy Board is a wholesome revision. The policy responsibility would be in the hands of the Small Business Administrator where it should be and the Secretary of the Treasury, the Secretary of Commerce, and not less than 2 nor more than 6 representatives of small business acting with the Administrator in an advisory capacity. This on top level brings the thoughts and recommendations of representatives of small business into active consideration toward program and policy.

An increase in loan authority means the ability to furnish substantial new financial assistance and will provide sufficient funds to finance the existing program.

Finally, the recommended change reducing the interest rate on the Government's share of a small-business loan to 5 percent is a further encouragement to small-business operation. It is not competitive with the lending institutions because a full opportunity is afforded for a normal loan at prevailing interest rates and there must be two refusals before the Government participation can be obtained.

Mr. TALLE. Mr. Chairman, I yield such time as he may desire to the gentleman from North Carolina [Mr. JONAS].

(Mr. JONAS asked and was given permission to revise and extend his remarks.)

Mr. JONAS. Mr. Chairman, I rise for the purpose of indicating my support of the pending bill, H. R. 7963. The Committee on Banking and Currency is to be commended for bringing such a constructive measure to the floor. The fact that the bill comes from that committee with a unanimous vote is indicative of its importance and soundness. The announced purpose of the bill is to promote a more vigorous and efficient program of assistance to small business. That is such a worthy objective that I am glad to associate myself with it.

There has been quite a bit said here this afternoon about risk capital. Some

implied criticism has been levied at the Small Business Administration, because that organization has not come forth with a satisfactory solution of the problem of stimulating risk capital. My own view is that we should not await recommendations from the Small Business Administration on this important subject. We have a responsibility ourselves, and I personally believe a downward revision of our tax structure would bring risk capital out of hiding. Such a result would, in my judgment, go a long way toward solving the problems of small business.

Recently the Chamber of Commerce of the United States issued a pamphlet which contains a number of examples of authentic occurrences which demonstrate the harmful effect of our high income-tax rates are having on business expansion. It cited the case of a small manufacturer who declined to invest risk capital in the expansion of his business because he was already in a 75 percent personal income-tax bracket and any additional income would have been taxed at about 85 percent. The very small net increase in income which he might have expected from the expansion of his business would have been more than offset by the hazards involved in expansion. The result was that about 50 people in the small city have been denied employment opportunities and the Government has been denied the opportunity of potential revenue.

Another case cited was that of an investor who was approached with the proposal that he finance a young man who had a new idea for a brandnew business. A careful investigation disclosed that the new business, on an investment of \$500,000, might reasonably expect substantial earnings. The potential investor was satisfied with the proposition, was sold on the business capacity of the young man with the new idea, and had money to invest. However, he turned the opportunity down because he had his money invested in tax-exempt bonds. He pointed out to the young man that, since he was already in the highest income bracket, he could only keep 9 cents out of each dollar of income he received from the new business. The prospect of netting 9 cents only out of every dollar earned was not a sufficient return to justify even the small risk of failure and loss of the \$500,000 of capital which it had been proposed that he should invest. Thus a new business, which would have offered employment to a substantial number of people, and from which the Government might have collected revenue from the business and its employees indefinitely, was not begun because the risk capital was not available under existing conditions.

A number of similar instances are cited in this pamphlet. They all go to show how we are going about killing the goose that lays the golden eggs. Risk capital has always come from individuals, not from banks. Banks cannot risk depositors' funds in hazardous ventures. Nor can any Government agency do so.

Many words have been written and spoken about helping small business but

I for one believe that the greatest help that could possibly be given to existing small-business concerns, and in the organization of new businesses, would be to encourage risk capital to come back into the market for private investment. This can only be done by reducing taxes.

I do not advocate deficit financing and recognize that certain steps must be taken before there can be any general revision of tax rates; among them being the necessity of keeping the budget balanced, making periodic payments on the public debt and substantial reductions in Government spending.

Mr. TALLE. Mr. Chairman, I have no further requests for time.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Chairman, I ask unanimous consent that our colleague, the gentleman from New Jersey [Mr. THOMPSON], may extend his remarks in the RECORD immediately after mine.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. SANTANGELO].

(Mr. SANTANGELO asked and was given permission to revise and extend his remarks.)

Mr. SANTANGELO. Mr. Chairman, I rise to support this bill. I want to commend the committee for the fine work that it did in connection with small business. In my opinion, the changes contained in the bill are good improvements and steps in the right direction, and I believe that this bill should be passed.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from Tennessee [Mr. EVINS].

(Mr. EVINS asked and was given permission to revise and extend his remarks.)

RE-CREATING THE SMALL BUSINESS ADMINISTRATION

Mr. EVINS. Mr. Chairman, the distinguished gentleman from Kentucky, the chairman of the Banking and Currency Committee, the distinguished gentleman from Texas [Mr. PATMAN], and other members of the committee have very ably covered the major features of this important legislation which is needed and necessary for the economic welfare of the small businesses of this Nation.

I would like to point out that this bill before the Committee today is a direct result of the recommendations of Subcommittee No. 2 of the House Small Business Committee, the chairman of which subcommittee is the distinguished gentleman from New York [Mr. MULTER]. Extensive hearings on this measure have been conducted by the two committees, the Banking and Currency Committee and the House Small Business Committee, and these recommendations represent the combined efforts of both of these committees.

Mr. Chairman, this great Nation of ours is presently in a period of economic expansion and we are going through and

experiencing an era of good times—of prosperous times. Our gross national product has topped \$415 billion and is still increasing—our per capita income is at an extremely high level—there is a record number of businesses—and profits are the highest in our Nation's history. Business expenditures for new plant and equipment continue to reach new heights, year after year, with the estimated expenditures for this purpose during 1957 nearing \$40 billion.

But during this period of economic progress and good times, we find one disturbing factor—while profits and investments continue to grow and increase, the number of businesses is failing to keep pace with this growth and are diminishing year by year. From this, we must obviously conclude that our economy is gradually being concentrated in the hands of fewer and larger businesses—and that small business, or the little man, is not able to keep pace with our tremendous business growth.

Studies and investigations by the Small Business Committee and other agencies indicate that this country is again moving toward concentration of power in big business and that as a result, the small business concerns of this country are suffering.

This trend toward concentration of big business interest has been promoted and sponsored by a Government sympathetic to big business and with only a passing concern for the plight of the little man.

While big business profits and prospers, as indicated by big business stock prices—failures by small businesses have been increasing. About 11,000 such businesses failed in 1956 and during the first part of this year, this figure has increased by about 7 percent.

As the big business profits continue to increase, greater working capital is gathered—this allows, of course, for greater freedom of expansion and continued progress. This situation does not apply to small business, however. Percentage profits of small business has not kept pace with that of big business and consequently the amount of working capital retained by small business is, in many instances, not adequate.

The Federal Government through the present administration, in an attempt to combat rising prices, has restricted the credit supply of this Nation. I shall not attempt to argue the pros or cons of this issue at this time. However, one obvious result of this so-called tight money policy has been to further squeeze small business and has added seriously and chronically to the perennial problems faced by the small-business man—that of obtaining adequate financing.

When commercial bank credit is tightened, as is the present situation, then the squeeze is placed on about the only source of capital available to small business. As a practical matter, small firms cannot sell bonds or stocks, issue commercial paper, or even borrow from insurance companies—all sources of capital for the big corporations.

In other words, the equality of opportunity of small business in our present economy is unreal and not a true situa-

tion—the restrictions cut too deeply. We will have to conclude in an appraisal of the tight money policy that what is good for General Motors is not good for small business.

When the Small Business Administration was organized in 1953 during the 83d Congress, its purpose was three-fold: First, to gain access to adequate capital and credit for small business; second, to obtain a fair share of Government procurement, and third, to obtain competent managerial and technical assistance.

These functions were not new to Government and many of the Small Business Administration's functions had been inherited from other agencies—but this was the first time in this Nation's history that an independent agency was created to serve and represent all small businesses, both in peacetime and in periods of national emergency.

Unfortunately, SBA got off to a relatively poor start, however, as time went on, the agency gradually began to fulfill its purpose and assistance to small business can now be seen in concrete form. For example, through April 30, of this year, SBA approved 6,443 business loans in a total amount of \$295 million. In addition, SBA approved disaster loans totaling \$63 million and has been instrumental in helping small business participate and obtain a fair share of Government contracts.

So, we can now see that this agency is fulfilling and attempting to fulfill its purpose.

In recommending passage of this legislation, I sincerely concur with the committee that the continued operation of this agency is needed and necessary for the continued progress of the small businesses of this Nation. The economic status of small business has not improved since 1953 when this agency was created—actually, it has worsened. So, the need for this agency today is greater than it was in 1953.

This bill would establish the SBA as a permanent agency dedicated to serve small business. Such enactment would allow SBA considerably more freedom in allocating credit, retaining competent personnel, and integration of small business needs in national defense procurement.

Other sections of the bill would redefine small business, therefore allowing SBA greater and needed latitude in establishing criteria for loans; set up a new loan policy board; reduce the maximum permissible interest rate from 6 to 5 percent—but, these features have already been thoroughly explained in an outstanding manner by members of the committee and I will not try to add to these able presentations.

Taken as a whole, these amendments could perhaps be referred to as bolstering items which will allow the SBA to serve its purpose to a fuller degree and provide greater services to small businesses.

Mr. Chairman, this Nation of ours was built on a foundation of small-business concerns and equality of opportunity. Big business is needed and necessary—it is the goal of every small business.

But to continue our present economic progress, it is necessary to have both big business and small business—working together toward greater economic goals. Big business or Government should not create situations or allow situations to exist which work to the detriment of small business, nor, on the other hand, small business and Government should not create situations or allow situations to exist which work to the detriment of big businesses which are operating within the rules of our economy.

Consequently, in this period of our economic progress, the Small Business Administration is needed to serve the needs of small business. Big business is flourishing and needs no further aid—small business is not.

The essence of the American economic system of private enterprise is free competition. Only through full and free competition can free markets, free entry into business, and opportunities for the expression and growth of personal initiative and individual judgment be assured. The preservation and expansion of such competition is basic not only to the economic well-being but to the security of this Nation. Such security and well-being cannot be realized unless the actual and potential capacity of small business is encouraged and developed.

It is the declared policy of the Congress that our Government should aid, counsel, assist and protect, as far as possible, the interests of small-business concerns in order to preserve free competitive enterprise, to insure that a fair proportion of the total purchases and contracts for supplies and services for the Government be placed with small-business enterprises, and to maintain and strengthen the overall economy of the Nation.

This policy, Mr. Chairman, can best be carried out by the passage of this legislation before us as a cosponsor of this bill. I join with my colleagues in urging that this bill be passed, it will promote and foster our small-business concerns and in turn strengthen our national economy and security.

Mr. SPENCE. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. The Clerk will read. The Clerk read as follows:

Be it enacted, etc., That title II of the act of July 30, 1953 (Public Law 163, 83d Cong.), as amended, is hereby withdrawn as a part of that act and is made a separate act to be known as the Small Business Act.

SEC. 2. The Small Business Act is amended to read as follows:

"SEC. 1. This act may be cited as the 'Small Business Act.'

"SEC. 2. (a) The essence of the American economic system of private enterprise is free competition. Only through full and free competition can free markets, free entry into business, and opportunities for the expression and growth of personal initiative and individual judgment be assured. The preservation and expansion of such competition is basic not only to the economic well-being but to the security of this Nation. Such security and well-being cannot be realized unless the actual and potential capacity of small business is encouraged and developed. It is the declared policy of the Congress that the Government should aid, counsel, assist, and protect, insofar as is possible, the interests of small-business concerns in order to preserve free competitive enterprise, to

insure that a fair proportion of the total purchases and contracts for property and services for the Government (including but not limited to contracts for maintenance, repair, and construction) be placed with small-business enterprises, and to maintain and strengthen the overall economy of the Nation.

"(b) Further, it is the declared policy of the Congress that the Government should aid and assist victims of floods and other catastrophes.

"SEC. 3. (a) For the purposes of this act, a small-business concern shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation. In addition to the foregoing criteria the Administrator, in making a detailed definition, may use these criteria, among others: Number of employees and dollar volume of business. Where the number of employees is used as one of the criteria in making such definition for any of the purposes of this act, the maximum number of employees which a small-business concern may have under the definition shall vary from industry to industry to the extent necessary to reflect differing characteristics of such industries and to take proper account of other relevant factors.

"(b) The Administrator shall without delay establish a new definition, in compliance with subsection (a); and if such new definition has not been established and placed in effect for all the purposes of this act within 30 days after the date of the enactment of this subsection, the definition which was in use by the Administrator for financial assistance purposes immediately prior to the date of the enactment of this subsection shall be in effect for all the purposes of this act from the end of such 30-day period until such time as the Administrator establishes and places in effect such new definition. Nothing in this subsection shall affect any small-business certificate issued under this act before the enactment of this subsection, or restrict the authority of the Administrator to issue such certificates under section 8 (b) (6).

"SEC. 4. (a) In order to carry out the policies of this act there is hereby created an agency under the name 'Small Business Administration' (herein referred to as the Administration), which Administration shall be under the general direction and supervision of the President and shall not be affiliated with or be within any other agency or department of the Federal Government. The principal office of the Administration shall be located in the District of Columbia. The Administration may establish such branch and regional offices in other places in the United States as may be determined by the Administrator of the Administration. As used in this act, the term 'United States' includes the several States, the Territories and possessions of the United States, the Commonwealth of Puerto Rico, and the District of Columbia.

"(b) The management of the Administration shall be vested in an Administrator who shall be appointed from civilian life by the President, by and with the advice and consent of the Senate, and who shall be a person of outstanding qualifications known to be familiar and sympathetic with small-business needs and problems. The Administrator shall not engage in any other business, vocation, or employment than that of serving as Administrator. The Administrator is authorized to appoint three Deputy Administrators to assist in the execution of the functions vested in the Administration.

"(c) The Administration is authorized to obtain money from the Treasury of the United States for use in the performance of the powers and duties granted to or imposed upon it by law, not to exceed a total of \$650,000,000 outstanding at any one time. For this purpose appropriations not to exceed

\$650,000,000 are hereby authorized to be made to a revolving fund in the Treasury. Advances shall be made to the Administration from the revolving fund when requested by the Administration. This revolving fund shall be used for the purposes enumerated subsequently in sections 7 (a), 7 (b), and 8 (a). Not to exceed an aggregate of \$500,000,000 shall be outstanding at any one time for the purposes enumerated in section 7 (a). Not to exceed an aggregate of \$125,000,000 shall be outstanding at any one time for the purposes enumerated in section 7 (b). Not to exceed an aggregate of \$25,000,000 shall be outstanding at any one time for the purposes enumerated in section 8 (a). The Administration shall pay into miscellaneous receipts of the Treasury, at the close of each fiscal year, interest on the net amount of the cash disbursements from such advances at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding interest-bearing marketable public debt obligations of the United States of comparable maturities.

"(d) There is hereby established a National Small Business Advisory Board, which shall advise and consult with the Administration in carrying out the purposes of this act. The Board shall consist of the Administrator, as chairman, the Secretary of the Treasury, the Secretary of Commerce, and not less than 2 nor more than 6 other individuals appointed by the Administrator who are familiar with small-business needs and problems and are truly representative of small-business interests. The Secretary of the Treasury and the Secretary of Commerce may each designate an officer from his Department, who has been appointed by the President by and with the advice and consent of the Senate, to act in his stead as a member of the Board.

"SEC. 5. (a) The Administration shall have power to adopt, alter, and use a seal, which shall be judicially noticed. The Administrator is authorized, subject to the civil-service and classification laws, to select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this act; to define their authority and duties; to provide bonds for them in such amounts as the Administrator shall determine; and to pay the costs of qualification of certain of them as notaries public. The Administration, with the consent of any board, commission, independent establishment, or executive department of the Government, may avail itself on a reimbursable or nonreimbursable basis of the use of information, services, facilities (including any field service thereof), officers, and employees thereof, in carrying out the provisions of this act. Subject to the standards and procedures under section 505 of the Classification Act of 1949, as amended, not to exceed 15 positions in the Administration may be placed in grades 16, 17, and 18 of the General Schedule established by that act, and any such positions shall be additional to the number authorized by such section.

"(b) In the performance of, and with respect to, the functions, powers, and duties vested in him by this act the Administrator may—

"(1) Sue and be sued in any court of record of a State having general jurisdiction, or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Administrator or his property;

"(2) Under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms, and

conditions and for such consideration as the Administrator shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of loans granted under this act, and to collect or compromise all obligations assigned to or held by him and all legal or equitable rights accruing to him in connection with the payment of such loans until such time as such obligations may be referred to the Attorney General for suit or collection;

"(3) Deal with, complete, renovate, improve, modernize, insure, or rent, or sell for cash or credit upon such terms and conditions and for such consideration as the Administrator shall determine to be reasonable, any real property conveyed to or otherwise acquired by him in connection with the payment of loans granted under this act;

"(4) Pursue to final collection, by way of compromise or otherwise, all claims against third parties assigned to the Administrator in connection with loans made by him. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Administrator. Section 3709 of the Revised Statutes, as amended (41 U. S. C., sec. 5), shall not be construed to apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Administrator as a result of loans made under this act if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the Administrator deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein acquired by the Administrator pursuant to the provisions of this act may be exercised by the Administrator or by any officer or agent appointed by him without the execution of any express delegation of power or power of attorney. Nothing in this section shall be construed to prevent the Administrator from delegating such power by order or by power of attorney, in his discretion, to any officer or agent he may appoint;

"(5) Acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in sections 7 (a) and 7 (b);

"(6) Make such rules and regulations as he deems necessary to carry out the authority vested in him by or pursuant to this act;

"(7) In addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, servicing, compromising, modifying, liquidating, or otherwise dealing with or realizing on loans made under the provisions of this Act; but no attorneys' services shall be procured by contract in any office where an attorney or attorneys are or can be economically employed full time to render such services;

"(8) Pay the transportation expenses and per diem in lieu of subsistence expenses, in accordance with the Travel Expense Act of 1949, for travel of any person employed by the Administration to render temporary services not in excess of 6 months in connection with any disaster referred to in section 7 (b) from place of appointment to, and while at, the disaster area and any other temporary posts of duty and return upon completion of the assignment; and

"(9) To accept the services and facilities of Federal, State, and local agencies and groups, both public and private, and utilize such gratuitous services and facilities as may, from time to time, be necessary, to further the objectives of section 7 (b).

"(c) To such extent as he finds necessary to carry out the provisions of this act, the Administrator is authorized to procure the temporary (not in excess of 6 months) services of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such services shall be without regard to the civil-service and classification laws and, except in the case of stenographic reporting services by organizations, without regard to section 3709 of the Revised Statutes, as amended (41 U. S. C., sec. 5). Any individual so employed may be compensated at a rate not in excess of \$50 per diem, and, while such individual is away from his home or regular place of business, he may be allowed transportation and not to exceed \$15 per diem in lieu of subsistence and other expenses.

"SEC. 6. (a) All moneys of the Administration not otherwise employed may be deposited with the Treasury of the United States subject to check by authority of the Administration. The Federal Reserve banks are authorized and directed to act as depositories, custodians, and fiscal agents for the Administration in the general performance of its powers conferred by this act. Any banks insured by the Federal Deposit Insurance Corporation, when designated by the Secretary of the Treasury, shall act as custodians and financial agents for the Administration. Each Federal Reserve bank, when designated by the Administrator as fiscal agent for the Administration, shall be entitled to be reimbursed for all expenses incurred as such fiscal agent.

"(b) The Administrator shall contribute to the employees' compensation fund, on the basis of annual billings as determined by the Secretary of Labor, for the benefit payments made from such fund on account of employees engaged in carrying out functions financed by the revolving fund established by section 4 (c) of this act. The annual billings shall also include a statement of the fair portion of the cost of the administration of such fund, which shall be paid by the Administrator into the Treasury as miscellaneous receipts.

"SEC. 7. (a) The Administration is empowered to make loans to enable small-business concerns to finance plant construction, conversion, or expansion, including the acquisition of land; or to finance the acquisition of equipment, facilities, machinery, supplies, or materials; or to supply such concerns with working capital to be used in the manufacture of articles, equipment, supplies, or materials for war, defense, or civilian production or as may be necessary to insure a well-balanced national economy; and such loans may be made or effected either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis. The foregoing powers shall be subject, however, to the following restrictions and limitations:

"(1) No financial assistance shall be extended pursuant to this subsection unless the financial assistance applied for is not otherwise available on reasonable terms.

"(2) No immediate participation may be purchased unless it is shown that a deferred participation is not available; and no loan may be made unless it is shown that a participation is not available.

"(3) In agreements to participate in loans on a deferred basis under this subsection, such participation by the Administration shall not be in excess of 90 percent of the balance of the loan outstanding at the time of disbursement.

"(4) Except as provided in paragraph (5), (A) no loan under this subsection shall be made if the total amount outstanding and committed (by participation or otherwise) to the borrower from the revolving fund established by this act would exceed

\$250,000; (B) the rate of interest for the Administration's share of any such loan shall be no more than 5 percent per annum, and shall not be more than the rate prevailing within the Federal Reserve district where the money loaned is to be used if such prevailing rate is lower than 5 percent per annum; and (C) no such loan, including renewals or extensions thereof, may be made for a period or periods exceeding 10 years except that a loan made for the purpose of constructing facilities may have a maturity of 10 years plus such additional period as is estimated may be required to complete such construction.

"(5) In the case of any loan made under this subsection to a corporation formed and capitalized by a group of small-business concerns with resources provided by them for the purpose of obtaining for the use of such concerns raw materials, equipment, inventories, or supplies, or for establishing facilities for such purpose, (A) the limitation of \$250,000 prescribed in paragraph (4) shall not apply, but the limit of such loan shall be \$250,000 multiplied by the number of separate small businesses which formed and capitalized such corporation; (B) the rate of interest for the administration's share of such loan shall be no less than 3 nor more than 5 percent per annum; and (C) such loan, including renewals and extensions thereof, may not be made for a period or periods exceeding 10 years except that if such loan is made for the purpose of constructing facilities it may have a maturity of 20 years plus such additional time as is required to complete such construction.

"(6) The Administrator is authorized to consult with representatives of small-business concerns with a view to encouraging the formation by such concerns of the corporation referred to in paragraph (5). No act or omission to act, if requested by the Administrator pursuant to this paragraph, and if found and approved by the Administration as contributing to the needs of small business, shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of the statement of any such finding and approval intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register. The authority granted in this paragraph shall be exercised only (A) by the Administrator, (B) upon the condition that the Administrator consult with the Attorney General and with the Chairman of the Federal Trade Commission, and (C) upon the condition that the Administrator obtain the approval of the Attorney General before exercising such authority. Upon withdrawal of any request or finding hereunder or upon withdrawal by the Attorney General of his approval granted under the preceding sentence, the provisions of this paragraph shall not apply to any subsequent act or omission to act by reason of such finding or request.

"(7) All loans made under this subsection shall be of such sound value or so secured as reasonably to assure repayment.

"(b) The Administration also is empowered—

"(1) To make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate because of floods or other catastrophes; and

"(2) To make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate to any small-business concern located in an area affected by

a drought, if the Administration determines that the small-business concern has suffered a substantial economic injury as a result of such drought and the President has determined under the act entitled 'An act to authorize Federal assistance to States and local governments in major disasters, and for other purposes,' approved September 30, 1950, as amended (42 U. S. C., secs. 1855-1855g), that such drought is a major disaster, or the Secretary of Agriculture has found under the act entitled 'An act to abolish the Regional Agricultural Credit Corporation of Washington, D. C., and transfer its functions to the Secretary of Agriculture, to authorize the Secretary of Agriculture to make disaster loans, and for other purposes,' approved April 6, 1949, as amended (12 U. S. C., secs. 1148a-1-1148a-3), that such drought constitutes a production or economic disaster in such area.

No loan under this subsection, including renewal and extensions thereof, may be made for a period or periods exceeding 20 years. The interest rate on the Administration's share of any loan made under this subsection shall not exceed 3 percent per annum. In agreements to participate in loans on a deferred basis under this subsection, such participation by the Administration shall not be in excess of 90 percent of the balance of the loan outstanding at the time of disbursement.

"(c) The Administration may further extend the maturity of or renew any loan made pursuant to this section, or any loan transferred to the Administration pursuant to Reorganization Plan No. 2 of 1954, for additional periods not to exceed 10 years beyond the period stated therein, if such extension or renewal will aid in the orderly liquidation of such loan.

"SEC. 8. (a) It shall be the duty of the Administration and it is hereby empowered, whenever it determines such action is necessary—

"(1) To enter into contracts with the United States Government and any department, agency, or officer thereof having procurement powers obligating the Administration to furnish articles, equipment, supplies, or materials to the Government. In any case in which the Administration certifies to any officer of the Government having procurement powers that the Administration is competent to perform any specific Government procurement contract to be let by any such officer, such officer shall be authorized in his discretion to let such procurement contract to the Administration upon such terms and conditions as may be agreed upon between the Administration and the procurement officer; and

"(2) To arrange for the performance of such contracts by negotiating or otherwise letting subcontracts to small-business concerns or others for the manufacture, supply, or assembly of such articles, equipment, supplies, or materials, or parts thereof, or servicing or processing in connection therewith, or such management services as may be necessary to enable the Administration to perform such contracts.

"(b) It shall also be the duty of the Administration and it is hereby empowered, whenever it determines such action is necessary—

"(1) To provide technical and managerial aids to small-business concerns, by advising and counseling on matters in connection with Government procurement and on policies, principles, and practices of good management, including but not limited to cost accounting methods of financing, business insurance, accident control, wage incentives, and methods engineering, by cooperating and advising with voluntary business, professional, educational, and other nonprofit organizations, associations, and institutions

and with other Federal and State agencies, by maintaining a clearinghouse for information concerning the managing, financing, and operation of small-business enterprises, by disseminating such information, and by such other activities as are deemed appropriate by the Administration;

"(2) To make a complete inventory of all productive facilities of small-business concerns or to arrange for such inventory to be made by any other governmental agency which has the facilities. In making any such inventory, the appropriate agencies in the several States may be requested to furnish an inventory of the productive facilities of small-business concerns in each respective State if such an inventory is available or in prospect;

"(3) To coordinate and to ascertain the means by which the productive capacity of small-business concerns can be most effectively utilized;

"(4) To consult and cooperate with officers of the Government having procurement powers, in order to utilize the potential productive capacity of plants operated by small-business concerns;

"(5) To obtain information as to methods and practices which Government prime contractors utilize in letting subcontracts and to take action to encourage the letting of subcontracts by prime contractors to small-business concerns at prices and on conditions and terms which are fair and equitable;

"(6) To determine within any industry the concerns, firms, persons, corporations, partnerships, cooperatives, or other business enterprises which are to be designated 'small-business concerns' for the purpose of effectuating the provisions of this act. To carry out this purpose the Administrator, when requested to do so, shall issue in response to each such request an appropriate certificate certifying an individual concern as a 'small-business concern' in accordance with the criteria expressed in this act. Any such certificate shall be subject to revocation when the concern covered thereby ceases to be a 'small-business concern'. Offices of the Government having procurement or lending powers, or engaging in the disposal of Federal property or allocating materials or supplies, or promulgating regulations affecting the distribution of materials or supplies, shall accept as conclusive the Administration's determination as to which enterprises are to be designated 'small-business concerns', as authorized and directed under this paragraph;

"(7) To certify to Government procurement officers with respect to the competency, as to capacity and credit, of any small-business concern or group of such concerns to perform a specific Government procurement contract. In any case in which a small-business concern or group of such concerns has been certified by or under the authority of the Administration to be a competent Government contractor with respect to capacity and credit as to a specific Government procurement contract, the officers of the Government having procurement powers are directed to accept such certification as conclusive, and are authorized to let such Government procurement contract to such concern or group of concerns without requiring it to meet any other requirement with respect to capacity and credit;

"(8) To obtain from any Federal department, establishment, or agency engaged in procurement or in the financing of procurement or production such reports concerning the letting of contracts and subcontracts and the making of loans to business concerns as it may deem pertinent in carrying out its functions under this act;

"(9) To obtain from suppliers of materials information pertaining to the method of filling orders and the bases for allocating their supply, whenever it appears that any

small business is unable to obtain materials from its normal sources;

"(10) To make studies and recommendations to the appropriate Federal agencies to insure that a fair proportion of the total purchases and contracts for property and services for the Government be placed with small-business enterprises, to insure that a fair proportion of Government contracts for research and development be placed with small-business concerns, and to insure a fair and equitable share of materials, supplies, and equipment to small-business concerns;

"(11) To consult and cooperate with all Government agencies for the purpose of insuring that small-business concerns shall receive fair and reasonable treatment from such agencies; and

"(12) To establish such small-business advisory boards and committees truly representative of small business as may be necessary to achieve the purposes of this act, in addition to the National Small Business Advisory Board established by section 4 (d).

"(c) The Administration shall from time to time make studies of matters materially affecting the competitive strength of small business and of the effect on small business of Federal laws, programs, and regulations, and shall make recommendations to the appropriate Federal agency or agencies for the adjustment of such programs and regulations to the needs of small business.

"SEC. 9. (a) The Administration shall make a report every 6 months of operations under this act to the President, the President of the Senate, and the Speaker of the House of Representatives. Such report shall include the names of the business concerns to whom contracts are let and for whom financing is arranged by the Administration, together with the amounts involved, and such report shall include such other information and such comments and recommendations as the Administration may deem appropriate.

"(b) The Administration shall make a report to the President, the President of the Senate, and the Speaker of the House of Representatives, to the Senate Select Committee on Small Business, and to the House Select Committee To Conduct a Study and Investigation of the Problems of Small Business, on June 30 and December 31 of each year, showing as accurately as possible for each such period the amount of funds appropriated to it that it has expended in the conduct of each of its principal activities such as lending, procurement, contracting, and providing technical and managerial aids.

"(c) The Attorney General is directed to make, or request the Federal Trade Commission to make for him, surveys for the purpose of determining any factors which may tend to eliminate competition, create or strengthen monopolies, injure small business, or otherwise promote undue concentration of economic power in the course of the administration of this act. The Attorney General shall submit to the Congress and the President, at such times as he deems desirable, reports setting forth the results of such surveys and including such recommendations as he may deem desirable.

"(d) For the purpose of aiding in carrying out the national policy to insure that a fair proportion of the total purchases and contracts for property and services for the Government be placed with small-business enterprises, and to maintain and strengthen the overall economy of the Nation, the Department of Defense shall make a monthly report to the President, the President of the Senate, and the Speaker of the House of Representatives not less than 45 days after the close of the month, showing the amount of funds appropriated to the Department of Defense which have been expended, obligated, or contracted to be spent with small-

business concerns and the amount of such funds expended, obligated, or contracted to be spent with firms other than small business in the same fields of operation; and such monthly reports shall show separately the funds expended, obligated, or contracted to be spent for basic and applied scientific research and development.

"(e) The Administration shall retain all correspondence, records of inquiries, memorandums, reports, books, and records, including memorandums as to all investigations conducted by or for the Administration, for a period of at least 1 year from the date of each thereof, and shall at all times keep the same available for inspection and examination by the Senate Select Committee on Small Business and the House Select Committee To Conduct a Study and Investigation of the Problems of Small Business, or their duly authorized representatives.

"(f) To the extent deemed necessary by the Administrator to protect and preserve small-business interests, the Administration shall consult and cooperate with other departments and agencies of the Federal Government in the formulation by the Administration of policies affecting small-business concerns. When requested by the Administrator, each department and agency of the Federal Government shall consult and cooperate with the Administration in the formulation by such department or agency of policies affecting small-business concerns, in order to insure that small-business interests will be recognized, protected, and preserved. This subsection shall not require any department or agency to consult or cooperate with the Administration in any case where the head of such department or agency determines that such consultation or cooperation would unduly delay action which must be taken by such department or agency to protect the national interest in an emergency.

"SEC. 10. (a) The President is authorized to consult with representatives of small-business concerns with a view to encouraging the making by such persons with the approval of the President of voluntary agreements and programs to further the objectives of this act.

"(b) No act or omission to act pursuant to this act which occurs while this act is in effect, if requested by the President pursuant to a voluntary agreement or program approved under subsection (a) of this section and found by the President to be in the public interest as contributing to the national defense, shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

"(c) The authority granted in subsection (b) of this section shall be delegated only (1) to an official who shall for the purpose of such delegation be required to be appointed by the President by and with the advice and consent of the Senate, (2) upon the condition that such official consult with the Attorney General and the Chairman of the Federal Trade Commission not less than 10 days before making any request or finding thereunder, and (3) upon the condition that such official obtain the approval of the Attorney General to any request thereunder before making the request.

"(d) Upon withdrawal of any request or finding hereunder, or upon withdrawal by the Attorney General of his approval of the voluntary agreement or program on which the request or finding is based, the provisions

of this section shall not apply to any subsequent act, or omission to act, by reason of such finding or request.

"SEC. 11. The President may transfer to the Administration any functions, powers, and duties of any department or agency which relate primarily to small-business problems. In connection with any such transfer, the President may provide for appropriate transfers of records, property, necessary personnel, and unexpended balances of appropriations and other funds available to the department or agency from which the transfer is made.

"SEC. 12. No loan shall be made on equipment, facilities, or services furnished by the Administration under this act to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Administration the names of any attorneys, agents, or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Administration for assistance of any sort, and the fees paid or to be paid to any such persons; (2) execute an agreement binding any such business enterprise for a period of 2 years after any assistance is rendered by the Administration to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within 1 year prior thereto, shall have served as an officer, attorney, agent, or employee of the Administration occupying a position or engaging in activities which the Administration shall have determined involve discretion with respect to the granting of assistance under this Act; and (3) furnish the names of lending institutions to which such business enterprise has applied for loans together with dates, amounts, terms, and proof of refusal.

"SEC. 13. To the fullest extent the Administration deems practicable, it shall make a fair charge for the use of Government-owned property and make and let contracts on a basis that will result in a recovery of the direct costs incurred by the Administration.

"SEC. 14. To effectuate the purposes of this act, small-business concerns within the meaning of this act shall receive any award or contract or any part thereof as to which it is determined by the Administration and the contracting procurement agency (1) to be in the interest of maintaining or mobilizing the Nation's full productive capacity, or (2) to be in the interest of war or national defense programs. Whenever the administration and the contracting procurement agency fail to agree, the matter shall be submitted for determination to the Secretary or the head of the appropriate department or agency by the Administrator.

"SEC. 15. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Administration, or for the purpose of obtaining money, property, or anything of value, under this act, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than 2 years, or both.

"(b) Whoever, being connected in any capacity with the Administration, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it, or (2) with intent to defraud the Administration or any other body politic or corporate, or any individual, or to deceive any

officer, auditor, or examiner of the Administration, makes any false entry in any book, report, or statement of or to the Administration, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (3) with intent to defraud participates or shares in or receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Administration, or (4) gives any unauthorized information concerning any future action or plan of the Administration which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Administration, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than 5 years, or both.

"SEC. 16. The Administration shall not duplicate the work or activity of any other department or agency of the Federal Government and nothing contained in this act shall be construed to authorize any such duplication unless such work or activity is expressly provided for in this act.

"SEC. 17. If any provision of this act, or the application thereof to any person or circumstances, is held invalid, the remainder of this act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

"SEC. 18. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this act.

"SEC. 19. All laws and parts of laws inconsistent with this act are hereby repealed to the extent of such inconsistency."

SEC. 3. The fourth paragraph of section 24 of the Federal Reserve Act is amended (1) by striking out "or the Small Business Administration" and "or of the Small Business Act of 1953," and (2) by adding at the end thereof the following new sentence: "Loans in which the Small Business Administration cooperates through agreements to participate on an immediate or deferred basis under the Small Business Act shall not be subject to the restrictions or limitations of this section imposed upon loans secured by real estate."

Mr. SPENCE (during the reading of the bill). Mr. Chairman, I ask unanimous consent that the bill be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

Mr. PATMAN. Mr. Chairman, reserving the right to object, I assume there will be no effort made unduly to shorten the time of the discussion, that there will be a reasonable length of time for the discussion. I do not object, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. PATMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PATMAN: On page 13, line 20, strike out "\$250,000" and insert "\$1,000,000."

SMALL BUSINESS A RELATIVE TERM

Mr. PATMAN. Mr. Chairman, I did not offer the amendment I really had in mind, to take the limit off entirely be-

cause, as the gentleman from Indiana [Mr. HALLECK] suggested in his statement, he did not believe he would want to go that far and I am sure many others feel the same way. I do believe that Members are willing to go up to \$1 million for one concern, because the restriction, that it must be a small-business concern, will prevent many applicants from trying to get a loan.

In other words, the definition of small business keeps the number down; and \$1 million, I think, is the minimum in some instances that small-business concerns need to operate. We can talk about the definition of small business all we want to, but the term small business is a relative term. It is different in different lines of business. It is different in different lines of manufacturing and production. What is a small business in some big industries is a huge business in many other industries. So, it being a relative term, \$1 million is not too much for the maximum, the limit, the ceiling.

I know that a great many small manufacturing concerns visit exhibits where the Department of Defense will have on display on a board different gadgets that can be made by small-business concerns. A small-business man will pick out one, and he will say, "I can make this in my shop." But he discovers that in order to do it he needs a loan of about \$1 million to properly equip him for doing the job. If he is able to get the \$1 million he may save the Government millions of dollars, because there will be another competitor, another person who is in a position to negotiate a contract with the Department of Defense. The Government and the taxpayers will save a lot of money just because this small-business man can get \$1 million. Whereas if he cannot get it, then only the large concerns can compete among themselves; they have plenty of business anyway, and the competition is not as keen, so the Government is not so likely to save money on the bids.

Mr. SPENCE. Is this amendment also subject to the pooling provision?

Mr. PATMAN. Yes; the \$250,000.

Mr. SPENCE. I mean the million dollars.

Mr. PATMAN. But the pooling provision has not proven effective. We have had it in effect 2 years, and they found only 2 instances where they were willing to use it.

Mr. SPENCE. Now it is a million dollars?

Mr. PATMAN. Yes.

Mr. SPENCE. Suppose 5 people want to pool it, would they each get \$1 million?

Mr. PATMAN. I would be willing for it, although the law does not provide it.

Mr. SPENCE. What does the amendment do?

Mr. PATMAN. It makes it \$1 million for the individual or 1 small concern.

Mr. SPENCE. Then they can pool it?

Mr. PATMAN. If they could I would love to do it, but of course it would be up to the Administrator to do it. I will give the chairman an instance where that could be used. You take, in steel scrap, most of our scrap comes from automobiles. They are uniformly and universally dispersed all over America.

There is a scrap pile in every county in the United States. In many sections of the United States we should have small semi-integrated electric steel mills. They can be built for two or three million dollars. One at Birmingham has recently been built for \$1.5 million. They make the finest and best steel in the world, but they cannot do it for \$250,000.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. BROWN of Georgia. If you increase this to \$1 million, and the authorization in this bill is only \$500 million, that means you can accommodate only 500 people.

Mr. PATMAN. I am not stating this will accommodate the maximum number. This will be up to the Administrator on the question of who is small business and the adequacy of the security. Certainly they will not all get the maximum. There are many instances where small people, if they could get a loan of \$1 million, would actually be in competition with some of the biggest concerns in America. I know that is the feeling of every Member of this House, that they want competition in America. That is what built America. But if we deny adequate loans we are denying them an opportunity to compete, and we are denying them an opportunity to save the taxpayers and the Government enormous sums of money. This is not unreasonable, and I hope it is adopted.

Mr. TALLE. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Texas.

Mr. Chairman, the bill we are discussing is intended to deal with small business. Certainly if we agree to the amendment proposed by the gentleman from Texas we will be guilty of failing to exercise restraint.

If you will refer to page 9 of the committee report accompanying this bill you will find stated there the average size SBA loan. What is it? \$40,000. That is definitely small business. But obviously, if we are to make loans that run into millions, we are not dealing with small business, we are dealing with something else. I hope the amendment is voted down.

Mr. JONAS. Mr. Chairman, will the gentleman yield?

Mr. TALLE. I yield to the gentleman from North Carolina.

Mr. JONAS. The gentleman from Texas said the matter would be within the discretion of the Administrator. Does not the gentleman think that would be giving the Administrator too much discretion? If he can turn down a loan simply because the amount requested is \$1 million, would he not be subject to criticism for being arbitrary?

Mr. TALLE. He would be placed in a position that I am confident a great many people would not want. I see no merit in the amendment. It should be voted down.

Mr. MULTER. Mr. Chairman, I move to strike out the last word, and do so in order to express my opposition to the amendment offered by the gentleman

from Texas [Mr. PATMAN]. I dislike very much disagreeing with the distinguished chairman of the Small Business Committee, with whom I served on that committee and on the House Banking and Currency Committee for these many years.

I have in my hand 297 pages of testimony taken before the House Banking and Currency Committee, and another volume of 429 pages of testimony taken before Subcommittee No. 2 of the House Small Business Committee. There is not a word of testimony in either of these hearings in support of the need for a loan in excess of \$250,000 for small business.

As a matter of fact, the representatives of two national small-business groups came before our committee and each one was asked whether or not he knew of a single instance of need for a small-business loan of more than \$250,000. In each instance the answer was in the negative.

Incidentally, in connection with the scrap-metal hearings which the Small Business Committee conducted—after the close of those 2 hearings, for the first time 1 person indicated that there might be need of a loan as much as \$350,000 to small-business men in that particular industry.

With that exception, I do not know of a single instance of need for a small-business loan in excess of \$250,000. Until competent testimony is adduced before appropriate committees of the House showing such need, I think we ought not to raise the limit on these loans.

Mr. Chairman, I urge that the amendment offered by the distinguished gentleman from Texas [Mr. PATMAN] be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. PATMAN].

The amendment was rejected.

Mr. PATMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PATMAN: Page 17, after line 22, insert the following new subsection:

"(c) The Administration is also empowered to make loans to local organizations to finance the planning of works of improvement under the Watershed Protection and Flood Prevention Act, as amended. Such loans shall bear interest at the average rate, as determined by the Secretary of the Treasury, payable by the Treasury upon its marketable public obligations which are outstanding at the beginning of the fiscal year in which the loan is made and which are neither due nor callable for redemption for 15 years from the date of issue. With respect to any single plan for works of improvement, the amount of any such loan shall not exceed \$50,000."

Page 17, line 23, strike out "(c)" and insert "(d)."

Page 5, lines 4 and 6, strike out "\$650,000,000" and insert "\$700,000,000."

Page 5, line 11, insert "7 (c)" after "7 (b)."

Page 5, after the period in line 15, insert the following new sentence: "Not to exceed an aggregate of \$50,000,000 shall be outstanding at any one time for the purposes enumerated in section 7 (c)."

Mr. PATMAN (during the reading of the amendment). Mr. Chairman, I ask unanimous consent that the amendment

be considered as read and be printed in the RECORD at this point.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. PATMAN. Mr. Chairman, I shall not insist on this amendment, but I would like to make a brief explanation of it. I did not urge it in the Committee on Banking and Currency because I had other committees which were meeting at the same time which conflicted with the meeting of the Committee on Banking and Currency and I did not have the privilege and opportunity of attending the session as I wanted to. Therefore, I shall not insist on the amendment.

Briefly, the explanation is this. Under Public Law 566 farmers can get together for the purpose of having water and flood protection and for soil conservation. In order to do that they must have money to make the surveys that are necessary. They have no place now where they can go and get a loan like that. This is for the purpose of enabling the Small Business Administration to make that type of loan.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent to withdraw the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PATMAN: Page 18, after line 5, insert the following:

"(d) In order to aid in financing projects authorized under Federal, State, or municipal law, the Administration also is empowered to purchase the securities and obligations of, or make loans to, (1) States, municipalities, and other political subdivisions of States, (2) public agencies and instrumentalities of one or more States, municipalities, and political subdivisions of States, and (3) public corporations, boards, and commissions; but such purchases and loans shall be made only to aid in financing specific public projects (including school construction, road construction, and water projects), and shall not be made for the payment of ordinary governmental or non-project operating expenses. Loans under this subsection which are secured by the securities or obligations of a State or local government shall bear interest at a rate not less than the rate provided for in such securities or obligations; but in no case shall any loan under this subsection bear interest at a rate exceeding 5 percent per annum. No loan under this subsection, including renewals and extensions thereof, may be made for a period or periods exceeding 20 years."

Page 5, lines 4 and 6, strike out "\$650,000,-000" and insert \$1,150,000,000."

Page 5, line 11, insert "7 (d)," after "7 (b)."

Page 5, after the period in line 15, insert the following new sentence: "Not to exceed an aggregate of \$500,000,000 shall be outstanding at any one time for the purposes enumerated in section 7 (d)."

Mr. PATMAN (during the reading of the amendment). Mr. Chairman, I ask unanimous consent that the further reading of the amendment be dispensed

with and that it be printed in its entirety at this point in the RECORD.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. PATMAN. Mr. Chairman, I shall not urge this amendment on the Committee for the reason that I did not have the opportunity to urge it before the committee. However, Mr. Chairman, I do want to point out there is a real need for this kind of amendment. There is no place now where representatives of school districts and road districts and water districts can go to sell their bonds. There should be some revolving fund and some Government agency somewhere set up for the purpose of buying these bonds and for the purpose of protecting the people. The interest rates are getting to be terribly high. They are 4 percent and 5 percent and sometimes 6 percent, and they are tax-exempt bonds. It is terrible. Although I am not going to insist on the amendment at this time; I hope it excites the attention of someone in connection with some bill whereby we will give further consideration to the setting up of a revolving fund that will do that very thing.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent to withdraw the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas [Mr. PATMAN]?

There was no objection.

Mr. PATMAN. Mr. Chairman, I have one more amendment and this is one I shall insist upon. It deals with the termination date which I am suggesting be 4 years instead of 2.

Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PATMAN: On page 31, after line 12, insert the following:

"Sec. 17. (a) This act and all authority conferred by this act shall terminate at the close of June 30, 1961, but the President may continue the administration for purposes of liquidation for not to exceed 6 months after such termination.

"(b) The termination of this act shall not affect the disbursement of funds under, or the carrying out of, any contract, commitment, or other obligation entered into pursuant to this act prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States."

And renumber the succeeding sections accordingly.

Mr. PATMAN. Mr. Chairman, I would like to invite the attention of the Members to the fact that this amendment would extend the Small Business Administration for 4 years; that would be 1961, and regardless of who is President at that time—that would be just after the next administration will have taken office—it will leave it up to the next administration to determine whether or not this organization has done a sufficiently good job to justify its continued existence, also whether or not it should be extended for a certain number of years or be made permanent. It would have 4 years.

I urge you to consider voting for this amendment to have the termination date

4 years instead of the agency being made permanent.

Since we have discussed this question a lot I have no desire to detain the Members of the House for further discussion, but I urge you to vote for the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The amendment was rejected.

Mr. TALLE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TALLE: Page 3, line 13, strike out "30" and insert "90"; and in line 18, strike out "30-day" and insert "90-day."

Mr. TALLE. Mr. Chairman, in my previous statement on the bill I pointed out that it is exceedingly difficult to define "small business." I may say that since 1950, when the Joint Committee on Defense Production was established, I have served on that committee, and in connection with our hearings when the Administrator of Small Business, Dr. Flemming of ODM, and the Secretaries of the various departments of the armed services appeared before us, the discussion frequently turned to the question, "What is small business?" We never did find a simple answer.

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. TALLE. Mr. Chairman, I yield to the chairman of the committee.

Mr. SPENCE. Mr. Chairman, it seems to me that 30 days is a sufficient time within which to formulate the definition. I noticed that originally an amendment was suggested that would give them until the first of the year. I am wondering if it would take that much time to formulate one definition, how long it would take the lexicographers to make a dictionary; it might take several centuries.

But in the spirit of compromise and as the gentleman is so anxious that the Administration have a little more time I would agree to 30 days additional, making it 60 days. That will be acceptable as far as I am concerned.

Will the gentleman accept that modification?

Mr. KILBURN. Mr. Chairman, will the gentleman yield?

Mr. TALLE. I yield.

Mr. KILBURN. I gather that the Congress and its committees have taken 10 years trying to get a definition. The amendment offered by the gentleman from Iowa calls for merely 90 days. I think it is not at all too long a time and that the amendment is a good one.

Mr. TALLE. Mr. Chairman, 90 days sounds like a jail sentence; and, believe me, if I were the Administrator of the Small Business Administration I would feel that I was being sentenced to jail for 90 days, if I were assigned the task of defining "small business" within that period of time. Sixty days, of course, is one-third less than I asked for but, at least, it is better than 30, so I will not be adamant about the matter.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. TALLE. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. I do not desire to inject myself unnecessarily into this, but may I say that it is one-third less than the gentleman asked and it is 100 per cent more than what is in the bill?

Mr. TALLE. I thank the majority leader for his contribution.

Mr. Chairman, I ask unanimous consent that my amendment be revised to read 60 days instead of 90 days.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

The CHAIRMAN. The Clerk will report the amendment as modified.

The Clerk read as follows:

Amendment offered by Mr. TALLE: On page 3, line 13 strike out "30" and insert "60," and in line 18 strike out "30-day" and insert "60-day."

Mr. MULTER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am not going to oppose the pending amendment but I do want to take a moment to point out that we have not been so harsh on the agency as it is made to appear from the colloquy that has just taken place on the floor. We say in the bill that SBA shall have 30 days in which to bring forth a new definition. Under the amendment it is 60 days in which to bring forth a new definition. After that 60 days, if they do not bring forth a new definition, we say they shall use the financial assistance definition for procurement until they devise a new one. Nobody has said that that definition for financial assistance will not work for procurement. There is every reason why we should use the same definition for procurement as they are now using for financial assistance. If SBA finds it is not workable, the Administrator can develop a new definition. That is all we ask in this bill.

The question is on the amendment offered by the gentleman from Iowa [Mr. TALLE].

The amendment was agreed to.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I commend the Small Business Administration, especially its office at Boston, which has been very helpful in my district and I commend this committee for presenting this bill.

Mr. Chairman, I ask unanimous consent to speak out of order for 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Chairman, a day or so ago I received a beautiful and most inspiring letter from Mrs. Joe McCarthy. More than anyone, she knew the depth and intensity of purpose possessed by her husband, the late Senator Joseph McCarthy, impelling him to physically exhaust himself fighting to win a victory that must be won if freedom in America, yes, if freedom throughout the world, is to survive.

In placing this in the CONGRESSIONAL RECORD here with my remarks, I do so with the hope that every Member of the

Congress will take a few moments to read it and study it through. Particularly, I hope so much the distinguished Chief Justice and Associate Justices of the United States Supreme Court read it and give serious thought to its meaning.

Surely, men of such great intellect and learning in the law as those who constitute the Supreme Court could find within the boundaries of the Constitution to protect our form of government from treacheries and subversive forces determined to destroy it from within. The Bill of Rights, constituting as it does a part of this noble document, must be preserved, but unless this Nation and its form of government is protected and preserved, the Bill of Rights will cease to have meaning. The rights of the individual are dependent upon the form of government. Individual liberty without freedom is meaningless.

Communism is the enemy of the free way of life. Communism has announced its intention to destroy freedom everywhere. Recognizing no God, communism is determined to destroy the United States of America, the very citadel of freedom. Communism, like cancer, is formed of small cells within the body of national society. As soon as these cells are strong enough they begin to destroy. The very act of forming a Communist cell is a positive step toward destroying our form of government and our freedom. The very act of joining a Communist cell within our national boundaries is an act against the security of liberty of the United States of America specifically stated as one of the purposes for the establishment of the Constitution.

THE RECENT SUPREME COURT DECISION

In all seriousness, with overwhelming concern, we are now facing some very grave steps in view of the recent decision of the Supreme Court of the United States. In all seriousness, I say to you, my colleagues, that if in its wisdom, the Supreme Court cannot find within the Constitution the authority for the protection of American freedom, then it is the duty of the Congress of the United States, representing the people whose Government this is, to write a new amendment to the Constitution in which this authority is plainly spelled out regarding which there can be no disagreement. Subversive planning to overthrow the Government of the United States must be ended by law.

If an American is required to lay down his life for the protection of his country, so must it be required of the law of the land to protect without equivocation or disagreement through the exercise of semantics. If the Supreme Court of the United States cannot find the power to protect this great United States of America, then let us provide that power in clear, precise, and unmistakable language.

Following is the letter of Mrs. Joe McCarthy:

JUNE 12, 1957.

DEAR MRS. ROGERS: I want you to know how much I appreciate your kindness in sending flowers in memory of Joe. Please accept my deep appreciation for your thoughtfulness.

Joe gave his life, as Father Grill said at St. Mary's, "principally because he exhausted himself physically for love of his fellow beings." This is so very true that I, as his wife—having known this for a long, long time—never thought before that anyone else would understand.

When Joe came home to Appleton, the heart and soul of this country was standing along the roadside on the 30-mile drive from Green Bay. It was all of that that made Joe and all of that to which he dedicated his life. It was the reason for his sacrifice of personal comfort, the reason for his courage to withstand being alone at times.

I cannot help but feel, however, that his sacrifice of personal comfort, his aloneness at times—along with that of many unknown and unheralded men—will have been for naught unless we see the purpose of the immense drive that was his. Knowing Joe as I do, I know he would be impatient with the thought that we simply mourn his passing or praise his life. God had purpose in both of these. The battle Joe fought so fearlessly and with such insight is not over. It will only end, as Joe so often said, with victory or death for our civilization.

Joe once said in answer to the question: "What can I do to help?"—Look to your schools, search behind the printed word, give purpose to and demand a contract from the men you send to man the watchtowers in Washington. If every one of Joe's friends took that suggestion to heart, I would then know God's purpose had been done.

May I add an afterthought I know Joe would share. That is, never underestimate your power as a citizen. When Joe walked into his first open clash with the wrecking crew of our Nation, he had in his mind—and this he has written—the "thought of those real people who are the heart and soul and soil of America; thoughts of the young people in my office, toiling night and day * * * thoughts of the many young men, friends of mine, who went to their death in the Pacific for what they thought was a better world—those thoughts convinced me that this fight I had to win."

Perhaps now a few more will stop to think that a man with the intellect and the courage, the drive and the honesty, a man such as Joe—with this love for life—could not have spent all that without reason. Perhaps a few more will search their minds and step with decision to the side of right.

With sincere personal regards.

JEAN.

P. S.—I was deeply touched by your lovely tribute to Joe on the floor of the House.

Mr. Chairman, I hope that the Congress of the United States will act. I fear for the safety of our country if it does not act.

Mr. McGOVERN. Mr. Chairman, no thinking person can brush aside the need for legislation such as we have before us today in H. R. 7963. It exemplifies keen foresight and broad understanding of the problems of small business on the part of the gentleman from Kentucky [Mr. SPENCE] and the members of the House Banking and Currency Committee.

The economic plight of small business, especially in the rural areas is alarming. Failures are rising at an alarming rate. Even considering the Nation as a whole, they increased substantially in 1956 over 1955. Furthermore, statistical surveys of the first quarter of 1957 show that this upward trend is continuing at an alarming rate.

One of the most acute problems the small businessman faces today is a lack

of credit. The so-called tight money policy of the administration has greatly aggravated this critical situation by drying up many normal sources of credit.

Where can a merchant turn to when he urgently needs capital for inventory or expansion. Is it not the duty of a responsible Government to assist the businessman in securing operating capital when the community depends upon his services, and when his local banker has given a final "no," to his request for financial aid? I believe it is. And consequently I want to say that I strongly support H. R. 7963 and earnestly hope that it shall receive overwhelming support from this great legislative body, as a demonstration of good faith in the 7 million men and women who own the Nation's small-business establishments and the 30 million whom they employ.

It is difficult to differentiate in importance between the five major points of this measure. But I particularly like the proposal to make the Small Business Administration a permanent agency of Government as well as those provisions to expand the loaning authority of SBA and to decrease the maximum rate of interest on small-business loans to 5 percent.

Small-business men need adequate credit. And they need it at a rate that they can afford to pay.

Mr. CHAMBERLAIN. Mr. Chairman, I wish to express my support of the pending bill. Although H. R. 7963 has several important provisions, I wish to speak principally on the need and desirability of making the Small Business Administration a permanent Government agency.

I attended the committee hearings on this bill with great interest, not only because I had for some time been aware of the work of the Small Business Administration, but also because I believe that we are here dealing with matters that are vital to an important segment of our national economy.

We are told that there are more than 4 million small businesses in the United States, representing more than 90 percent of all business organizations, and employing more than 30 million people.

These figures are, of course, impressive, but they neglect one further consideration. I dare say that every Member could rise and cite a long list of small businesses in his district which play a vital part in the life of the community. Small-business establishments, and the people who own them, give to all of our communities a distinctive character and represent a social as well as economic asset.

Government action specifically in behalf of small business was long overdue when the SBA was created in 1953. Today, 4 years later, the need is still great and promises to continue into the foreseeable future. I believe the most eloquent testimony of this need is contained in the report of the SBA activities which have been gathering momentum at an astonishing rate.

We naturally think first of the lending activities of the Small Business Administration. During the last 6 months of 1956, the SBA received 3,337 loan applications requesting \$192,922,357. As the report indicates, through April of this year it has approved 6,443 business loans

totaling \$295 million. The current rate of applications is approximately double the anticipated rate of 350 per month. Currently 58.5 percent of these loan applications are approved. I believe it is significant that 72 percent of the loans are participation loans which indicate that the SBA financial activities supplement and support private lending rather than replace it.

Perhaps the most dramatic work of the Small Business Administration is carried on under the disaster-loan program. During the last half of 1956, disaster loans were made in 24 States and Puerto Rico, covering such things as floods, flash floods, hurricane, forest fire, wind and hail storms, and cloudburst. No one can measure the benefit in community confidence and morale that resulted from the \$63 million in disaster loans made by the SBA.

The fact that out of more than a quarter of a billion dollars the SBA has suffered a loss on exactly 6 loans, totaling \$102,377.27, is to my mind highly significant. It signifies, for one thing, that care and good judgment is being exercised in the processing of loans. It indicates further that the SBA financial program is supporting worthwhile expenditures, expenditures that are in fact sound investments. Even if the loss rate were higher we might still endorse the SBA program for the encouragement it provides a handicapped segment of the economy. But this is clear evidence, I believe, that our small-business economy is not only sound but is capable of making good and effective use of SBA facilities.

The extent to which small business can take advantage of its opportunities is illustrated in the procurement program. Up to the present time approximately 1 dollar in 5 spent by the Federal Government for military and non-military procurement has gone to small business. We can hope that this percentage will increase, since it represents no more than 60 percent of the estimated small business potential participation. The \$345 million currently set aside for small business, a 79-percent increase over the previous year, is a sign of progress in this year.

The management and production assistance program, like other SBA activities, has been increasing steadily. The importance of this work is perhaps best illustrated when one realizes that a small business faces almost all of the problems of a big business: Taxes, real estate, personnel, inventory management, equipment, accounting procedures, advertising, public relations—every business establishment, no matter how small, has to cope with these problems in some degree. Yet the typical small business does not have a budget to hire specialists to solve these problems on which the success or failure of the undertaking may rest. Therefore, whatever the Small Business Administration can do to educate and assist people in small business will fill a great need. During the last half of 1956 the SBA cosponsored 40 administrative management courses throughout the country. This service should, and I believe will, reach more and more sections of the country.

Mr. Chairman, in discussing measures such as this, we are prone to put major emphasis on the effects on the people we represent. This is natural, but at the same time we ought not to neglect entirely the commendable work of the officials and employees of the Small Business Administration who have been doing a tremendous job of meeting a mounting demand for their services under far from ideal circumstances.

If we approve of what the SBA has been doing, and if we want it to continue, we should indicate our endorsement by making the SBA a permanent agency. The people who work for the SBA will then know where they stand. Personnel turnover will be reduced. Both the people who work for the SBA and people who work with the SBA—such as officials of private lending institutions—will have confidence in the continuity of the agency.

In conclusion, Mr. Chairman, I believe Mr. Barnes is to be commended on what the Small Business Administration has accomplished during the past year. It is essential that this work be encouraged and continued. The best way we can do this is to vote our approval of the pending bill.

The CHAIRMAN. If there are no further amendments, under the rule the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore having assumed the chair, Mr. Boggs, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H. R. 7963) to amend the Small Business Act of 1953, as amended, pursuant to House Resolution 283, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

Mr. TALLE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 392, nays 2, not voting 39, as follows:

[Roll No. 122]

YEAS—392

Abbitt	Ayres	Bolton
Abernethy	Baldwin	Bosch
Addonizio	Baring	Bow
Albert	Barrett	Boykin
Alexander	Bass, N. H.	Boyle
Allen, Calif.	Bass, Tenn.	Bray
Allen, Ill.	Bates	Breeding
Andersen,	Baumhart	Brooks, La.
H. Carl	Becker	Brooks, Tex.
Andresen,	Beckworth	Broomfield
August H.	Belcher	Brown, Ga.
Andrews	Bennett, Fla.	Brown, Mo.
Anfuso	Bennett, Mich.	Brown, Ohio
Arends	Bentley	Brownson
Ashley	Berry	Broyhill
Ashmore	Betts	Budge
Aspinall	Blatnik	Burdick
Auchincloss	Boggs	Burleson
Avery	Bolling	Bush

Byrd
Byrne, Ill.
Byrne, Pa.
Byrnes, Wis.
Canfield
Cannon
Carnahan
Carrigg
Cederberg
Celler
Chamberlain
Chelf
Chenoweth
Chipfield
Christopher
Chudoff
Church
Clark
Clevenger
Coad
Coffin
Cole
Collier
Cooper
Corbett
Coudert
Cramer
Cretella
Cunningham,
Iowa
Cunningham,
Nebr.
Curtin
Curtis, Mass.
Curtis, Mo.
Dague
Davis, Ga.
Davis, Tenn.
Dawson, Utah
Delaney
Dellay
Dempsey
Dennison
Denton
Derounian
Devereux
Dies
Diggs
Dingell
Dixon
Dollinger
Donohue
Dooley
Dorn, N. Y.
Dorn, S. C.
Dowdy
Doyle
Durham
Dwyer
Edmondson
Elliott
Engle
Evins
Fallon
Farbstein
Fascell
Feighan
Fenton
Fino
Fisher
Flood
Flynt
Fogarty
Forand
Ford
Forrester
Fountain
Frazier
Frelinghuysen
Friedel
Fulton
Garmatz
Gary
Gathings
Gavin
George
Gordon
Granahan
Green, Oreg.
Green, Pa.
Gregory
Griffin
Griffiths
Gross
Gubser
Gwinn
Hagen
Hale
Hale
Halleck
Harden
Hardy
Harris
Harrison, Nebr.
Harrison, Va.

Harvey
Haskell
Hays, Ark.
Hays, Ohio
Healey
Hemphill
Henderson
Herlong
Heselton
Hess
Hill
Hillings
Hoeven
Hoffman
Holifield
Holland
Holmes
Holt
Horan
Hosmer
Huddleston
Hull
Ikard
Jackson
James
Jarman
Jenkins
Jennings
Jensen
Johansen
Johnson
Jonas
Jones, Ala.
Jones, Mo.
Judd
Karsten
Kean
Kearns
Keating
Kee
Keeney
Kelley, Pa.
Kelly, N. Y.
Keogh
Kilburn
Kilday
Kilgore
Kling
Kitchin
Kluczynski
Knox
Knutson
Laird
Landrum
Lane
Lanham
Latham
LeCompte
Lesinski
Lipscomb
Long
Loser
McCormack
McCulloch
McDonough
McFall
McGovern
McGregor
McIntire
McIntosh
McMillan
McVey
Macdonald
Mack, Ill.
Mack, Wash.
Madden
Mahon
Mailliard
Marshall
Martin
Mason
Matthews
Meador
Merrow
Metcalf
Michel
Miller, Calif.
Miller, Md.
Miller, Nebr.
Miller, N. Y.
Mills
Minshall
Montoya
Moore
Morano
Morgan
Morris
Moss
Moulder
Multer
Mumma
Murray
Natcher
Neal
Nicholson

Nimtz
Norblad
O'Brien, Ill.
O'Brien, N. Y.
O'Hara, Ill.
O'Hara, Minn.
O'Konski
O'Neill
Osmer
Ostertag
Passman
Patman
Patterson
Pelly
Perkins
Pfost
Philbin
Pilcher
Pillion
Poff
Polk
Porter
Powell
Preston
Price
Prouty
Rabaut
Radwan
Rains
Ray
Reed
Rees, Kans.
Reuss
Rhodes, Ariz.
Rhodes, Pa.
Riehlman
Riley
Rivers
Roberts
Robeson, Va.
Robson, Ky.
Rodino
Rogers, Colo.
Rogers, Fla.
Rogers, Mass.
Rogers, Tex.
Rooney
Roosevelt
Rutherford
Sadlak
Santangelo
St. George
Saund
Schenck
Scherer
Schwengel
Scott, N. C.
Scott, Pa.
Scrivner
Scudder
Seely-Brown
Selden
Sheehan
Shelley
Shuford
Sieminski
Sikes
Siler
Simpson, Ill.
Simpson, Pa.
Smith, Calif.
Smith, Kans.
Smith, Miss.
Smith, Va.
Smith, Wis.
Spence
Springer
Staggers
Stauffer
Steed
Sullivan
Taber
Talle
Teague, Calif.
Teague, Tex.
Teller
Tewes
Thomas
Thompson, La.
Thompson, N. J.
Thompson, Tex.
Thomson, Wyo.
Thornberry
Tollefson
Trimble
Tuck
Udall
Ullman
Utt
Vanik
Van Pelt
Van Zandt
Vinson
Vorys
Vursell

Wainwright
Walter
Watts
Weaver
Westland
Wharton
Whitener
Whitten

Widnall
Wier
Wigglesworth
Williams, Miss.
Williams, N. Y.
Wilson, Calif.
Wilson, Ind.
Winstead

Withrow
Wolverton
Wright
Yates
Young
Younger
Zablocki
Zelenko

NAYS—2

Alger

Poage

NOT VOTING—39

Adair
Anderson,
Mont.
Bailey
Baker
Barden
Beamer
Blitch
Boland
Bonner
Bowler
Buckley
Colmer
Cooley

Dawson, Ill.
Eberharter
Grant
Gray
Hébert
Hiestand
Holtzman
Hyde
Kearney
Kirwan
Krueger
Lankford
Lennon
McCarthy

McConnell
Machrowicz
Magnuson
May
Morrison
Norrell
Reece, Tenn.
Saylor
Sheppard
Sisk
Taylor
Willis

So the bill was passed.

The Clerk announced the following pairs:

Mr. Hébert with Mr. May.
Mr. Holtzman with Mr. Saylor.
Mr. Buckley with Mr. Taylor.
Mr. Dawson of Illinois with Mr. Kearney.
Mr. Bowler with Mr. Krueger.
Mr. Sisk with Mr. Beamer.
Mr. Morrison with Mr. Baker.
Mr. McCarthy with Mr. Adair.
Mr. Boland with Mr. Reece of Tennessee.
Mr. Anderson of Montana with Mr. McConnell.
Mr. Sheppard with Mr. Hyde.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. ALGER. Mr. Speaker, I do not consider this a vote for or against small business or small-business men—I, too, want to help the small-business man, if the Federal Government can do so appropriately. By this vote, I wish to stress that the way to help a small-business man is to return to him some of his tax money which can be done by cutting the size and cost of Government, not by making businessmen dependent on Government, and by such reliance on Government, increasing his taxes to pay for the service. As a Congressman, my views can be expressed in only one way, by the votes I cast.

There are other ways to help the small-business man: for example, by faster tax writeoffs which will aid him in getting bank financing, if a good risk. Also, this bill is wrong in stipulating a fixed interest rate which is completely antithetical to a free economy, where interest rates must fluctuate as demand and supply of money fluctuates. A natural followup of the fixed-interest-rate policy is direct Government loans.

Again, my vote is not a protest against the effort and efficiency of officials of the Small Business Administration, but is against the increasing encroachment of Federal Government in our lives, jeopardizing our very freedom and this includes economic freedom.

This bill is a further part of the web to ensnare the people in the bureaucracy of big government. Therefore, I voted against the bill.

PROGRAM FOR THE REMAINDER OF THE WEEK

(Mr. ALBERT asked and was given permission to address the House for 1 minute.)

Mr. ALBERT. Mr. Speaker, I take this time to announce changes in the program for the remainder of the week.

H. R. 72 will be put over to a later date.

Mr. H. CARL ANDERSEN. Mr. Speaker, will the gentleman yield?

Mr. ALBERT. I yield to the gentleman from Minnesota.

Mr. H. CARL ANDERSEN. Can we have assurance that that bill will not be called up until a certain date? In other words, there will be many of us absent from here this following week who are in opposition to that particular bill. I personally would appreciate it very much if the leadership would assure us that it would not be called up this following week.

Mr. ALBERT. If the gentleman will bear with me, I think it had been planned to program that bill for Wednesday of next week.

Mr. H. CARL ANDERSEN. The gentleman knows, of course, that Fourth of July comes on Thursday of next week, and many of us, for the first time this session, will be absent, at home.

Mr. ALBERT. The gentleman is aware of that, but I would say also to the gentleman that the leadership will be happy to confer with the chairman of the Committee on Veterans' Affairs on this matter. This bill has been put over at his request, and I would not like to make any further commitment with respect to programing this bill at this time.

Mr. H. CARL ANDERSEN. The gentleman realizes that it is a highly controversial bill, a bill upon which the entire membership should be present because it does, in my opinion, a grave injustice to 110,000 veterans and their families. I wish we could have the gentleman's assurance that there will be no calling up of that bill on the 3d of July, the day before the 4th.

Mr. ALBERT. The gentleman is unable to give that assurance at this time. However, the program for next week has not been announced yet, and the gentleman will take into consideration, advising with the chairman of the committee and with the Speaker, the problem of programing that particular piece of legislation.

Mr. H. CARL ANDERSEN. I thank the gentleman.

The SPEAKER pro tempore. The Chair might state to the gentleman from Minnesota, having profound respect for him, as the Chair has, that a matter of that kind might well be taken up without inquiry being made on the floor. Of course, at a later date if the gentleman is dissatisfied, he can make his expression known, but the leadership has certainly been cooperative in connection with H. R. 72 as fully as possible, particularly those who are in opposition to the bill.

Mr. ALBERT. Mr. Speaker, we have been advised by the gentleman from Rhode Island [Mr. FOGARTY], that the conference report on the Labor, Health, Education, and Welfare appropriation

bill has been agreed to unanimously, and that conference report will be the first order of business on tomorrow.

We have also three rules which have been reported on bills pertaining to the Senate Office Building. These bills will be put on the program for Thursday. Otherwise the program remains as previously announced. And, of course, additional conference reports may be brought up at any time.

Mr. MARTIN. If the gentleman will yield for a question, Does the gentleman know what is coming up next week?

Mr. ALBERT. The gentleman is not prepared yet to announce the program for next week. The program will be announced in due time.

Mr. H. CARL ANDERSEN. Mr. Speaker, will the gentleman yield further?

Mr. ALBERT. I yield.

Mr. H. CARL ANDERSEN. The gentleman perhaps is not aware that it is our intention on the Subcommittee on Appropriations for the Department of Agriculture to have our conference on Thursday. We hope to agree with the Senate on that day. I think our subcommittee would like to see the conference report brought up on the floor this coming Friday and dispose of it, if we can.

Mr. ALBERT. Mr. Speaker, may I advise the gentleman that both the gentleman who is now addressing him and the Speaker pro tempore, who is the majority leader, are always anxious to program conference reports at the earliest possible moment.

Mr. H. CARL ANDERSEN. Mr. Speaker, will the gentleman yield further, for the information of the House?

Mr. ALBERT. I yield.

Mr. H. CARL ANDERSEN. There is no question but that there is a good chance that we will have some argument on the subject of the soil bank. If that is the case, I believe that we should have the opportunity for full debate on the question. That is why I am hoping that we will not be precluded from meeting on Friday. I understand that some Members believe that we are to adjourn over from Thursday until Monday. I must state that if such a request is made I will have to object to it personally. After all, Sunday is June 30 and in my opinion we should complete the agricultural bill if we can on Friday.

Mr. ALBERT. The gentleman is aware of the rules of the House, that the House may not adjourn except by unanimous consent.

The SPEAKER pro tempore. The present occupant of the chair might say that the first he heard of such a rumor as that referred to by the gentleman from Minnesota [Mr. H. CARL ANDERSEN] is when the gentleman from Minnesota made the observation himself.

Mr. BECKER. Mr. Speaker, will the gentleman yield?

Mr. ALBERT. I yield to the gentleman.

Mr. BECKER. In view of the questions of the gentleman from Minnesota [Mr. H. CARL ANDERSEN] about meeting on Friday, may I say that a committee from the Committee on Public Works is making an inspection trip Friday, Saturday,

and Sunday, so it will not be convenient for us to be here.

Mr. ALBERT. I would advise the gentleman to take that matter up with the gentleman from Minnesota.

Mr. BECKER. I shall take it up with the leadership on this side.

The SPEAKER pro tempore. The time of the gentleman from Oklahoma has expired.

LEGISLATION TO CARRY OUT RECOMMENDATIONS OF THE WRIGHT COMMISSION ON GOVERNMENT SECURITY

(Mr. REES of Kansas asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. REES of Kansas. Mr. Speaker, I have introduced H. R. 8323, being legislation to carry out a portion of the recommendations of the Commission on Government Security. These recommendations are contained in a document recently released to the public.

The bill I have introduced, first, establishes a Central Security Office to coordinate the administration of Federal personnel, loyalty, and security programs, and, second, prescribes administrative procedures for the hearing and review of cases arising under such programs. The chairman of our committee the gentleman from Tennessee [Mr. MURRAY] has introduced similar legislation.

I call attention to the long and extensive studies which my committee has conducted for more than 10 years, and cite House Report No. 1844, 84th Congress, issued by the Post Office and Civil Service Committee of the House, which states:

The history of the administration of present laws and regulations relating to loyalty, security, and suitability as concerns the appointment or employment of Federal personnel demonstrates the necessity of a clarification of policy in this respect. Existing practices have resulted in inequities and unfairness to employees or prospective employees.

In practice, a great deal of confusion and misconception has arisen from certain statements and statistical information on the number of employees separated under this procedure and the reasons for separation. No clear distinction has been made as between those separated for disloyalty, those separated for security reasons, and those otherwise found unsuitable for Federal employment. Misunderstanding has been created, in both the public mind and official circles, as to the situation with respect to security-risk separations. In fact, there undoubtedly exists a widespread public misconception that security risks and disloyalty are one and the same thing.

The committee intends to study carefully the report of the recently appointed Commission on Government Security when it is made. The decision as to whether or to what extent further legislative or administrative action is required should, it is believed, be made after the committee has had the benefit of the findings and conclusions of this Commission.

In introducing this legislation, it is my intention to carry out the long-standing recommendations of my committee which generally agree with the majority of the recommendations of the Wright Commission.

The Wright Commission is to be commended for its diligent and searching analysis of a complicated and difficult problem. While there doubtless will be changes desirable in the language of the bill following full and complete hearings, nevertheless, the introduction of the legislation is the first necessary step to a clarification of the present highly unsatisfactory situation.

The bill sets up a Central Security Office to coordinate the Government employees' loyalty program. A three-member board is established under the Security Office to hear appeals on loyalty cases. Statutory authority is provided the Attorney General authorizing him to compile, maintain, and publish a list of subversive organizations and if any question is raised the Attorney General shall call upon the Review Board for its recommendations. A statutory standard is established for loyalty and security determinations. The rights now enjoyed by veterans in the Federal service to have their separations from employment reviewed by the Civil Service Commission under section 14 of the Veterans' Preference Act is extended to nonveterans.

It is my desire to have early hearings before the House Post Office and Civil Service Committee, and to take appropriate action with respect to this legislation in view of the recent Supreme Court decision which invalidates part of the present Government employees' security program.

SMALL BUSINESS ACT

(Mr. PHILBIN asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. PHILBIN. Mr. Speaker, I compliment the able chairman and committee for their fine work on this bill. This bill will be a real contribution to our strong, generally felt desire to assist and strengthen small business.

There is not necessarily a conflict between small business and big business and I would be the last to want to see one generated by any action, which Congress might take.

Looking at the situation objectively, however, it is my feeling that small business, as we have known it in this country, is not at the present time sharing in its rightful proportion of current prosperity. There is no question but that we are living in a period of unprecedented prosperity, and also in a period of marked inflation, and no official disavowals could successfully refute that fact. In the past few years, we have seen wages and price levels chasing each other up the steep ladder toward dangerous inflation, and we have witnessed the purchasing power of the dollar steadily and surely falling.

This condition is creating difficult problems for the ordinary man and woman and the ordinary American family. It is certainly inciting demands for further wage increases, which are surely justified by current price levels. It is posing problems also for small business, which in a great many instances and districts in the country cannot keep pace with rapidly increasing costs of operation.

The tight money policy, so called, is another unstabilizing factor, which without doubt is affecting many small businesses. This is a very complex question, which is currently being studied by Congress and which must be settled if we are to prevent serious effects upon small business, and I appreciate that the solutions to this particular problem are not easy to find. But we are certainly under a great obligation to try to find and apply them. It is not a pleasant prospect for businessmen to face since it entails inability to secure ordinary financing and also very high interest rates, which are an additional burden. While the purpose of these high rates is to check inflation, that end has hardly been accomplished since prices of basic commodities and ordinary necessities are edging up day by day. The stock and commodity markets reflect this condition.

Taken together these puzzling developments affecting small business are narrowing the area of expansion and checking to a marked and dangerous degree the incentives which are so vital to free enterprise. To these must be added the problems arising out of increased, bureaucratic intrusion into the affairs of the ordinary businessman, and above all the very high tax rates in local communities, in the States and the Federal Government.

I think that this bill strives for a legislative orientation that may well in time prove to eliminate some of these problems. If we can fully reestablish faith and confidence among small business, we will be doing a great service, not only to the individual businessman, but to our economic system as well, because the result will be to reinvigorate and strengthen that system by encouraging and heartening those presently engaged in small business, and by stimulating and expanding the inducements, which cause ambitious persons to establish or extend their own business.

This measure does not involve dangerous Government interference, but merely provides guidance, encouragement, and assistance in those fields in which small business may have a real need for governmental services and help. In view of the importance of small business to our economy, indeed considering its vital and irreplaceable role in our profit system, I think that this measure is not only desirable, but will be of material benefit in promoting the health and vigor of our entire business system. Small business is the key to our economy; it must be preserved and improved.

For these reasons, I propose to favor this bill.

THE SCHOOL-CONSTRUCTION BILL

(Mr. FRELINGHUYSEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FRELINGHUYSEN. Mr. Speaker, President Eisenhower has made a new appeal for action to help end the long-standing classroom shortage. I recently received a letter from him on this subject which I think should be brought to

the attention of the Members of the House.

I am gratified that the President finds that the specific bill, H. R. 1, as amended, approved by the House Education and Labor Committee, adheres to the basic principles which he has stressed as essential to a sound Federal school-construction program.

This bill makes it amply clear that there shall be no Federal control of education. It provides for a temporary, emergency program of Federal aid—and that aid is only to assist in the construction of classrooms. The bill includes provisions—such as State matching requirements and recognition of State and local effort—to encourage still greater State and local contributions to school construction. It provides that Federal funds will go to those communities which are found by the States to have the most acute classroom shortages and the least local resources to meet their needs.

The President's letter also reminds us that school-construction assistance was pledged in the 1956 Republican Party platform. I hope that members of the President's party will respond to his leadership and support H. R. 1 as amended. I also hope that Members of the House from both parties will unite behind this bill and oppose any crippling amendments which may be offered.

The education of millions of children continues to suffer because of half-day school sessions, jam-packed classrooms, and dilapidated facilities. Further delay in meeting this classroom shortage will not only penalize the children concerned but also complicate this and other national education problems.

A copy of the President's letter to me is attached, along with my letter to the President.

THE WHITE HOUSE,

Washington, D. C., June 20, 1957.

The Honorable PETER FRELINGHUYSEN, Jr.,
House of Representatives,

Washington, D. C.

DEAR PETER: Thank for your June 7 letter in which you ask my views on H. R. 1, as amended, the school-construction bill recently approved by the House Committee on Education and Labor.

I would not, of course, pass judgment on all the details of this bill while it is still before Congress. As I understand it, however, the bill adheres to principles which I consider basic to sound Federal legislation on this subject. In that connection, I hope that in its further consideration of the matter the Congress will give close attention to that portion of the bill which allocates funds on the basis of need.

As you know, our Republican Party in its 1956 platform pledged its efforts to secure school-construction legislation. Providing adequate classroom facilities for the young people of our Nation is a tremendous challenge which should be met at once. I earnestly hope, therefore, that legislation will be enacted at this session to provide Federal help in this emergency.

With warm regard,

DWIGHT EISENHOWER.

JUNE 7, 1957.

The President,

The White House.

DEAR MR. PRESIDENT: As a consistent supporter of the views which you have repeatedly expressed regarding the importance of Federal assistance in the construction of

needed classrooms, I should appreciate having your views on the specific bill on this subject—H. R. 1, as amended—which the House is scheduled to consider within a few weeks.

As a member of the House Education and Labor Committee, I am of course well aware of your continued and active interest in enactment of suitable legislation. On many occasions you have emphasized the importance of incorporating certain principles into proposed legislation, to insure that the Federal Government plays an appropriate role in the solution of a serious national problem.

What I should very much like to know now, therefore, is your feeling with respect to the specific accommodations arrived at by the committee. It is my own feeling that the basic principles which you have consistently stressed have been incorporated in this bill, along with certain understandable adjustments in your recommendations.

Trusting that it may be convenient for you to let me have your opinion on this bill, I am,

Very respectfully,

PETER FRELINGHUYSEN, Jr.,

Member of Congress.

NATIONAL CHARTER FOR WORLD WAR I VETS

(Mr. LANE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LANE. Mr. Speaker, it was never intended that we should group all Americans who have experienced honorable military service into one veterans' organization.

As the Civil War differed from the Spanish-American War, and that in turn from World War I, the veterans of those wars have special viewpoints, and interests, and identities that separate one from the other.

Even as the veterans of World War I are distinguished from the veterans of World War II and the veterans of Korea.

Each group speaks for its generation.

Each has the unique memories, and the loyal comradeship, that cannot be shared fully and freely with veterans of other wars.

We cannot conceive of the Korean veterans taking over the United Spanish War Veterans, as the old soldiers of the latter conflict disappear into the mists of history.

No; because neither would feel comfortable about such a strange absorption. It would violate the personality of both groups.

We see this factor at work in those large veterans organizations whose membership is not limited to those who served in one conflict. The trend is for the younger veterans to take charge. This is inevitable, of course, but it means that the veterans of one war do not feel at home with the veterans of another war. They are also separated by the lack of uniformity in veterans' benefits. The new and the old do not mix. They do not speak the same language.

At the present time we do not have an organization to represent, exclusively, the veterans of World War I. Even 39 years after that conflict ended, such an organization would have a larger poten-

85TH CONGRESS
1ST SESSION

H. R. 7963

IN THE SENATE OF THE UNITED STATES

JUNE 26 (legislative day, JUNE 21), 1957

Read twice and referred to the Committee on Banking and Currency

AN ACT

To amend the Small Business Act of 1953, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That title II of the Act of July 30, 1953 (Public Law 163,
4 Eighty-third Congress), as amended, is hereby withdrawn
5 as a part of that Act and is made a separate Act to be known
6 as the "Small Business Act".

7 SEC. 2. The Small Business Act is amended to read
8 as follows:

9 "SEC. 1. This Act may be cited as the 'Small Business
10 Act'.

11 "SEC. 2. (a) The essence of the American economic

1 system of private enterprise is free competition. Only
2 through full and free competition can free markets, free entry
3 into business, and opportunities for the expression and
4 growth of personal initiative and individual judgment be
5 assured. The preservation and expansion of such competi-
6 tion is basic not only to the economic well-being but to the
7 security of this Nation. Such security and well-being can-
8 not be realized unless the actual and potential capacity of
9 small business is encouraged and developed. It is the de-
10 clared policy of the Congress that the Government should
11 aid, counsel, assist, and protect, insofar as is possible, the
12 interests of small-business concerns in order to preserve free
13 competitive enterprise, to insure that a fair proportion of
14 the total purchases and contracts for property and services
15 for the Government (including but not limited to contracts
16 for maintenance, repair, and construction) be placed with
17 small-business enterprises, and to maintain and strengthen
18 the overall economy of the Nation.

19 “(b) Further, it is the declared policy of the Congress
20 that the Government should aid and assist victims of floods
21 and other catastrophes.

22 “SEC. 3. (a) For the purposes of this Act, a small-business
23 concern shall be deemed to be one which is independently
24 owned and operated and which is not dominant in its
25 field of operation. In addition to the foregoing criteria

1 the Administrator, in making a detailed definition, may
2 use these criteria, among others: Number of employees and
3 dollar volume of business. Where the number of employees
4 is used as one of the criteria in making such definition for
5 any of the purposes of this Act, the maximum number of
6 employees which a small-business concern may have under
7 the definition shall vary from industry to industry to the
8 extent necessary to reflect differing characteristics of such in-
9 dustries and to take proper account of other relevant factors.

10 “(b) The Administrator shall without delay establish a
11 new definition, in compliance with subsection (a) ; and if such
12 new definition has not been established and placed in effect
13 for all the purposes of this Act within sixty days after the
14 date of the enactment of this subsection, the definition which
15 was in use by the Administrator for financial assistance
16 purposes immediately prior to the date of the enactment of
17 this subsection shall be in effect for all the purposes of this
18 Act from the end of such sixty-day period until such time
19 as the Administrator establishes and places in effect such
20 new definition. Nothing in this subsection shall affect any
21 small-business certificate issued under this Act before the
22 enactment of this subsection, or restrict the authority of
23 the Administrator to issue such certificates under section
24 8 (b) (6).

25 “SEC. 4. (a) In order to carry out the policies of this

1 Act there is hereby created an agency under the name
2 'Small Business Administration' (herein referred to as the
3 Administration), which Administration shall be under the
4 general direction and supervision of the President and shall
5 not be affiliated with or be within any other agency or de-
6 partment of the Federal Government. The principal office
7 of the Administration shall be located in the District of
8 Columbia. The Administration may establish such branch
9 and regional offices in other places in the United States as
10 may be determined by the Administrator of the Administra-
11 tion. As used in this Act, the term 'United States' includes
12 the several States, the Territories and possessions of the
13 United States, the Commonwealth of Puerto Rico, and the
14 District of Columbia.

15 " (b) The management of the Administration shall be
16 vested in an Administrator who shall be appointed from
17 civilian life by the President, by and with the advice and
18 consent of the Senate, and who shall be a person of out-
19 standing qualifications known to be familiar and sympathetic
20 with small-business needs and problems. The Administra-
21 tor shall not engage in any other business, vocation, or
22 employment than that of serving as Administrator. The
23 Administrator is authorized to appoint three Deputy Admin-
24 istrators to assist in the execution of the functions vested in
25 the Administration.

1 “(c) The Administration is authorized to obtain money
2 from the Treasury of the United States for use in the per-
3 formance of the powers and duties granted to or imposed
4 upon it by law, not to exceed a total of \$650,000,000 out-
5 standing at any one time. For this purpose appropriations
6 not to exceed \$650,000,000 are hereby authorized to be
7 made to a revolving fund in the Treasury. Advances shall
8 be made to the Administration from the revolving fund when
9 requested by the Administration. This revolving fund shall
10 be used for the purposes enumerated subsequently in sec-
11 tions 7 (a), 7 (b), and 8 (a). Not to exceed an aggregate
12 of \$500,000,000 shall be outstanding at any one time for the
13 purposes enumerated in section 7 (a). Not to exceed
14 an aggregate of \$125,000,000 shall be outstanding at any
15 one time for the purposes enumerated in section 7 (b).
16 Not to exceed an aggregate of \$25,000,000 shall be out-
17 standing at any one time for the purposes enumerated in
18 section 8 (a). The Administration shall pay into miscel-
19 laneous receipts of the Treasury, at the close of each fiscal
20 year, interest on the net amount of the cash disbursements
21 from such advances at a rate determined by the Secretary
22 of the Treasury, taking into consideration the current average
23 rate on outstanding interest-bearing marketable public debt
24 obligations of the United States of comparable maturities.

25 “(d) There is hereby established a National Small Busi-

1 ness Advisory Board, which shall advise and consult with the
2 Administration in carrying out the purposes of this Act. The
3 Board shall consist of the Administrator, as chairman, the
4 Secretary of the Treasury, the Secretary of Commerce, and
5 not less than two nor more than six other individuals ap-
6 pointed by the Administrator who are familiar with small-
7 business needs and problems and are truly representative of
8 small-business interests. The Secretary of the Treasury and
9 the Secretary of Commerce may each designate an officer
10 from his Department, who has been appointed by the Presi-
11 dent by and with the advice and consent of the Senate, to act
12 in his stead as a member of the Board.

13 “SEC. 5. (a) The Administration shall have power
14 to adopt, alter, and use a seal, which shall be judicially
15 noticed. The Administrator is authorized, subject to the
16 civil-service and classification laws, to select, employ, ap-
17 point, and fix the compensation of such officers, employees,
18 attorneys, and agents as shall be necessary to carry out the
19 provisions of this Act; to define their authority and duties;
20 to provide bonds for them in such amounts as the Adminis-
21 trator shall determine; and to pay the costs of qualification of
22 certain of them as notaries public. The Administration,
23 with the consent of any board, commission, independent
24 establishment, or executive department of the Government,
25 may avail itself on a reimbursable or nonreimbursable basis

1 of the use of information, services, facilities (including any
2 field service thereof), officers, and employees thereof, in
3 carrying out the provisions of this Act. Subject to the
4 standards and procedures under section 505 of the Classi-
5 fication Act of 1949, as amended, not to exceed fifteen
6 positions in the Administration may be placed in grades
7 16, 17, and 18 of the General Schedule established by that
8 Act, and any such positions shall be additional to the number
9 authorized by such section.

10 “(b) In the performance of, and with respect to, the
11 functions, powers, and duties vested in him by this Act the
12 Administrator may—

13 “(1) sue and be sued in any court of record of a
14 State having general jurisdiction, or in any United States
15 district court, and jurisdiction is conferred upon such dis-
16 trict court to determine such controversies without re-
17 gard to the amount in controversy; but no attachment,
18 injunction, garnishment, or other similar process, mesne
19 or final, shall be issued against the Administrator or his
20 property;

21 “(2) under regulations prescribed by him, assign
22 or sell at public or private sale, or otherwise dispose of
23 for cash or credit, in his discretion and upon such terms
24 and conditions and for such consideration as the Admin-
25 istrator shall determine to be reasonable, any evidence

1 of debt, contract, claim, personal property, or security
2 assigned to or held by him in connection with the pay-
3 ment of loans granted under this Act, and to collect
4 or compromise all obligations assigned to or held by him
5 and all legal or equitable rights accruing to him in
6 connection with the payment of such loans until such
7 time as such obligations may be referred to the Attorney
8 General for suit or collection;

9 “(3) deal with, complete, renovate, improve, mod-
10 ernize, insure, or rent, or sell for cash or credit upon
11 such terms and conditions and for such consideration as
12 the Administrator shall determine to be reasonable, any
13 real property conveyed to or otherwise acquired by him
14 in connection with the payment of loans granted under
15 this Act;

16 “(4) pursue to final collection, by way of com-
17 promise or otherwise, all claims against third parties
18 assigned to the Administrator in connection with loans
19 made by him. This shall include authority to obtain de-
20 ficiency judgments or otherwise in the case of mortgages
21 assigned to the Administrator. Section 3709 of the Re-
22 vised Statutes, as amended (41 U. S. C., sec. 5), shall
23 not be construed to apply to any contract of hazard in-
24 surance or to any purchase or contract for services or
25 supplies on account of property obtained by the Ad-

1 ministrator as a result of loans made under this Act
2 if the premium therefor or the amount thereof does not
3 exceed \$1,000. The power to convey and to execute
4 in the name of the Administrator deeds of conveyance,
5 deeds of release, assignments and satisfactions of mort-
6 gages, and any other written instrument relating to
7 real property or any interest therein acquired by the
8 Administrator pursuant to the provisions of this Act may
9 be exercised by the Administrator or by any officer or
10 agent appointed by him without the execution of any
11 express delegation of power or power of attorney.
12 Nothing in this section shall be construed to prevent
13 the Administrator from delegating such power by order
14 or by power of attorney, in his discretion, to any officer
15 or agent he may appoint;

16 “(5) acquire, in any lawful manner, any property
17 (real, personal, or mixed, tangible or intangible), when-
18 ever deemed necessary or appropriate to the conduct of
19 the activities authorized in sections 7 (a) and 7 (b) ;

20 “(6) make such rules and regulations as he deems
21 necessary to carry out the authority vested in him by
22 or pursuant to this Act;

23 “(7) in addition to any powers, functions, privi-
24 leges, and immunities otherwise vested in him, take

1 any and all actions, including the procurement of the
2 services of attorneys by contract, determined by him
3 to be necessary or desirable in making, servicing, com-
4 promising, modifying, liquidating, or otherwise dealing
5 with or realizing on loans made under the provisions of
6 this Act; but no attorneys' services shall be procured
7 by contract in any office where an attorney or attorneys
8 are or can be economically employed full time to render
9 such services;

10 “(8) pay the transportation expenses and per diem
11 in lieu of subsistence expenses, in accordance with the
12 Travel Expense Act of 1949, for travel of any person
13 employed by the Administration to render temporary
14 services not in excess of six months in connection with
15 any disaster referred to in section 7 (b) from place of
16 appointment to, and while at, the disaster area and any
17 other temporary posts of duty and return upon comple-
18 tion of the assignment; and

19 “(9) to accept the services and facilities of Federal,
20 State, and local agencies and groups, both public and
21 private, and utilize such gratuitous services and facilities
22 as may, from time to time, be necessary, to further the
23 objectives of section 7 (b).

24 “(c) To such extent as he finds necessary to carry out

1 the provisions of this Act, the Administrator is author-
2 ized to procure the temporary (not in excess of six
3 months) services of experts or consultants or organizations
4 thereof, including stenographic reporting services, by con-
5 tract or appointment, and in such cases such services shall
6 be without regard to the civil-service and classification laws
7 and, except in the case of stenographic reporting services by
8 organizations, without regard to section 3709 of the Revised
9 Statutes, as amended (41 U. S. C., sec. 5). Any individual
10 so employed may be compensated at a rate not in excess of
11 \$50 per diem, and, while such individual is away from his
12 home or regular place of business, he may be allowed trans-
13 portation and not to exceed \$15 per diem in lieu of subsist-
14 ence and other expenses.

15 "SEC. 6. (a) All moneys of the Administration not
16 otherwise employed may be deposited with the Treasury of
17 the United States subject to check by authority of the Ad-
18 ministration. The Federal Reserve banks are authorized
19 and directed to act as depositaries, custodians, and fiscal
20 agents for the Administration in the general performance of
21 its powers conferred by this Act. Any banks insured by the
22 Federal Deposit Insurance Corporation, when designated by
23 the Secretary of the Treasury, shall act as custodians and
24 financial agents for the Administration. Each Federal Re-

1 serve bank, when designated by the Administrator as fiscal
2 agent for the Administration, shall be entitled to be reim-
3 bursed for all expenses incurred as such fiscal agent.

4 “(b) The Administrator shall contribute to the em-
5 ployees’ compensation fund, on the basis of annual billings
6 as determined by the Secretary of Labor, for the benefit pay-
7 ments made from such fund on account of employees engaged
8 in carrying out functions financed by the revolving fund es-
9 tablished by section 4 (c) of this Act. The annual billings
10 shall also include a statement of the fair portion of the cost
11 of the administration of such fund, which shall be paid by
12 the Administrator into the Treasury as miscellaneous receipts.

13 “SEC. 7. (a) The Administration is empowered to
14 make loans to enable small-business concerns to finance
15 plant construction, conversion, or expansion, including the
16 acquisition of land; or to finance the acquisition of equip-
17 ment, facilities, machinery, supplies, or materials; or to
18 supply such concerns with working capital to be used in
19 the manufacture of articles, equipment, supplies, or mate-
20 rials for war, defense, or civilian production or as may be
21 necessary to insure a well-balanced national economy; and
22 such loans may be made or effected either directly or in
23 cooperation with banks or other lending institutions through
24 agreements to participate on an immediate or deferred

1 basis. The foregoing powers shall be subject, however,
2 to the following restrictions and limitations:

3 “(1) No financial assistance shall be extended
4 pursuant to this subsection unless the financial assistance
5 applied for is not otherwise available on reasonable
6 terms.

7 “(2) No immediate participation may be pur-
8 chased unless it is shown that a deferred participation
9 is not available; and no loan may be made unless it is
10 shown that a participation is not available.

11 “(3) In agreements to participate in loans on a
12 deferred basis under this subsection, such participation
13 by the Administration shall not be in excess of 90 per
14 centum of the balance of the loan outstanding at the
15 time of disbursement.

16 “(4) Except as provided in paragraph (5), (A)
17 no loan under this subsection shall be made if the total
18 amount outstanding and committed (by participation or
19 otherwise) to the borrower from the revolving fund
20 established by this Act would exceed \$250,000; (B)
21 the rate of interest for the Administration's share of
22 any such loan shall be no more than 5 per centum per
23 annum, and shall not be more than the rate prevailing
24 within the Federal Reserve district where the money

1 loaned is to be used if such prevailing rate is lower
2 than 5 per centum per annum; and (C) no such loan,
3 including renewals or extensions thereof, may be made
4 for a period or periods exceeding ten years except that
5 a loan made for the purpose of constructing facilities
6 may have a maturity of ten years plus such additional
7 period as is estimated may be required to complete
8 such construction.

9 “(5) In the case of any loan made under this
10 subsection to a corporation formed and capitalized by
11 a group of small-business concerns with resources pro-
12 vided by them for the purpose of obtaining for the use
13 of such concerns raw materials, equipment, inventories,
14 or supplies, or for establishing facilities for such purpose,
15 (A) the limitation of \$250,000 prescribed in paragraph
16 (4) shall not apply, but the limit of such loan shall be
17 \$250,000 multiplied by the number of separate small
18 businesses which formed and capitalized such corpora-
19 tion; (B) the rate of interest for the Administration's
20 share of such loan shall be no less than 3 nor more
21 than 5 per centum per annum; and (C) such loan,
22 including renewals and extensions thereof, may not
23 be made for a period or periods exceeding ten years
24 except that if such loan is made for the purpose of con-
25 structing facilities it may have a maturity of twenty

1 years plus such additional time as is required to com-
2 plete such construction.

3 “(6) The Administrator is authorized to consult
4 with representatives of small-business concerns with a
5 view to encouraging the formation by such concerns of
6 the corporation referred to in paragraph (5). No act or
7 omission to act, if requested by the Administrator pur-
8 suant to this paragraph, and if found and approved by
9 the Administration as contributing to the needs of small
10 business, shall be construed to be within the prohibitions
11 of the antitrust laws or the Federal Trade Commission
12 Act of the United States. A copy of the statement of
13 any such finding and approval intended to be within
14 the coverage of this section, and any modification or
15 withdrawal thereof, shall be furnished to the Attorney
16 General and the Chairman of the Federal Trade Commis-
17 sion when made, and it shall be published in the Federal
18 Register. The authority granted in this paragraph
19 shall be exercised only (A) by the Administrator,
20 (B) upon the condition that the Administrator consult
21 with the Attorney General and with the Chairman of
22 the Federal Trade Commission, and (C) upon the
23 condition that the Administrator obtain the approval of
24 the Attorney General before exercising such authority.
25 Upon withdrawal of any request or finding hereunder

1 or upon withdrawal by the Attorney General of his
2 approval granted under the preceding sentence, the pro-
3 visions of this paragraph shall not apply to any subse-
4 quent act or omission to act by reason of such finding or
5 request.

6 “(7) All loans made under this subsection shall
7 be of such sound value or so secured as reasonably to
8 assure repayment.

9 “(b) The Administration also is empowered—

10 “(1) to make such loans (either directly or in co-
11 operation with banks or other lending institutions
12 through agreements to participate on an immediate or
13 deferred basis) as the Administration may determine to
14 be necessary or appropriate because of floods or other
15 catastrophes; and

16 “(2) to make such loans (either directly or in co-
17 operation with banks or other lending institutions
18 through agreements to participate on an immediate or
19 deferred basis) as the Administration may determine to
20 be necessary or appropriate to any small-business con-
21 cern located in an area affected by a drought, if the Ad-
22 ministration determines that the small-business concern
23 has suffered a substantial economic injury as a result of
24 such drought and the President has determined under the
25 Act entitled ‘An Act to authorize Federal assistance to

1 States and local governments in major disasters, and for
2 other purposes', approved September 30, 1950, as
3 amended (42 U. S. C., secs. 1855-1855g), that such
4 drought is a major disaster, or the Secretary of Agri-
5 culture has found under the Act entitled 'An Act to
6 abolish the Regional Agricultural Credit Corporation of
7 Washington, District of Columbia, and transfer its func-
8 tions to the Secretary of Agriculture, to authorize the
9 Secretary of Agriculture to make disaster loans, and for
10 other purposes', approved April 6, 1949, as amended
11 (12 U. S. C., secs. 1148a-1-1148a-3), that such
12 drought constitutes a production or economic disaster in
13 such area.

14 No loan under this subsection, including renewals and ex-
15 tensions thereof, may be made for a period or periods exceed-
16 ing twenty years. The interest rate on the Administration's
17 share of any loan made under this subsection shall not
18 exceed 3 per centum per annum. In agreements to partici-
19 pate in loans on a deferred basis under this subsection, such
20 participation by the Administration shall not be in excess
21 of 90 per centum of the balance of the loan outstanding at
22 the time of disbursement.

23 "(c) The Administration may further extend the matu-
24 rity of or renew any loan made pursuant to this section,

1 or any loan transferred to the Administration pursuant to
2 Reorganization Plan Numbered 2 of 1954, for additional
3 periods not to exceed ten years beyond the period stated
4 therein, if such extension or renewal will aid in the orderly
5 liquidation of such loan.

6 “SEC. 8. (a) It shall be the duty of the Administration
7 and it is hereby empowered, whenever it determines such
8 action is necessary—

9 “(1) to enter into contracts with the United
10 States Government and any department, agency, or
11 officer thereof having procurement powers obligating the
12 Administration to furnish articles, equipment, supplies,
13 or materials to the Government. In any case in which
14 the Administration certifies to any officer of the Govern-
15 ment having procurement powers that the Administra-
16 tion is competent to perform any specific Government
17 procurement contract to be let by any such officer, such
18 officer shall be authorized in his discretion to let such
19 procurement contract to the Administration upon such
20 terms and conditions as may be agreed upon between the
21 Administration and the procurement officer; and

22 “(2) to arrange for the performance of such con-
23 tracts by negotiating or otherwise letting subcontracts to
24 small-business concerns or others for the manufacture,
25 supply, or assembly of such articles, equipment, supplies,

1 or materials, or parts thereof, or servicing or processing
2 in connection therewith, or such management services
3 as may be necessary to enable the Administration to
4 perform such contracts.

5 “(b) It shall also be the duty of the Administration
6 and it is hereby empowered, whenever it determines such
7 action is necessary—

8 “(1) to provide technical and managerial aids to
9 small-business concerns, by advising and counseling on
10 matters in connection with Government procurement
11 and on policies, principles, and practices of good man-
12 agement, including but not limited to cost accounting,
13 methods of financing, business insurance, accident con-
14 trol, wage incentives, and methods engineering, by co-
15 operating and advising with voluntary business, profes-
16 sional, educational, and other nonprofit organizations,
17 associations, and institutions and with other Federal
18 and State agencies, by maintaining a clearinghouse for
19 information concerning the managing, financing, and
20 operation of small-business enterprises, by disseminating
21 such information, and by such other activities as are
22 deemed appropriate by the Administration;

23 “(2) to make a complete inventory of all produc-
24 tive facilities of small-business concerns or to arrange
25 for such inventory to be made by any other govern-

1 mental agency which has the facilities. In making any
2 such inventory, the appropriate agencies in the several
3 States may be requested to furnish an inventory of the
4 productive facilities of small-business concerns in each
5 respective State if such an inventory is available or in
6 prospect;

7 “(3) to coordinate and to ascertain the means by
8 which the productive capacity of small-business concerns
9 can be most effectively utilized;

10 “(4) to consult and cooperate with officers of the
11 Government having procurement powers, in order to
12 utilize the potential productive capacity of plants op-
13 erated by small-business concerns;

14 “(5) to obtain information as to methods and prac-
15 tices which Government prime contractors utilize in
16 letting subcontracts and to take action to encourage the
17 letting of subcontracts by prime contractors to small-
18 business concerns at prices and on conditions and terms
19 which are fair and equitable;

20 “(6) to determine within any industry the con-
21 cerns, firms, persons, corporations, partnerships, coop-
22 eratives, or other business enterprises which are to be
23 designated ‘small-business concerns’ for the purpose of
24 effectuating the provisions of this Act. To carry out
25 this purpose the Administrator, when requested to do so,

1 shall issue in response to each such request an appro-
2 priate certificate certifying an individual concern as a
3 'small-business concern' in accordance with the criteria
4 expressed in this Act. Any such certificate shall be
5 subject to revocation when the concern covered thereby
6 ceases to be a 'small-business concern'. Offices of the
7 Government having procurement or lending powers, or
8 engaging in the disposal of Federal property or allo-
9 cating materials or supplies, or promulgating regula-
10 tions affecting the distribution of materials or supplies,
11 shall accept as conclusive the Administration's deter-
12 mination as to which enterprises are to be designated
13 'small-business concerns', as authorized and directed
14 under this paragraph;

15 “(7) to certify to Government procurement officers
16 with respect to the competency, as to capacity and
17 credit, of any small-business concern or group of such
18 concerns to perform a specific Government procurement
19 contract. In any case in which a small-business con-
20 cern or group of such concerns has been certified by or
21 under the authority of the Administration to be a com-
22 petent Government contractor with respect to capacity
23 and credit as to a specific Government procurement
24 contract, the officers of the Government having procure-
25 ment powers are directed to accept such certification

1 as conclusive, and are authorized to let such Govern-
2 ment procurement contract to such concern or group of
3 concerns without requiring it to meet any other require-
4 ment with respect to capacity and credit;

5 “(8) to obtain from any Federal department, estab-
6 lishment, or agency engaged in procurement or in the
7 financing of procurement or production such reports
8 concerning the letting of contracts and subcontracts and
9 the making of loans to business concerns as it may deem
10 pertinent in carrying out its functions under this Act;

11 “(9) to obtain from suppliers of materials informa-
12 tion pertaining to the method of filling orders and the
13 bases for allocating their supply, whenever it appears
14 that any small business is unable to obtain materials
15 from its normal sources;

16 “(10) to make studies and recommendations to the
17 appropriate Federal agencies to insure that a fair pro-
18 portion of the total purchases and contracts for property
19 and services for the Government be placed with small-
20 business enterprises, to insure that a fair proportion of
21 Government contracts for research and development be
22 placed with small-business concerns, and to insure a
23 fair and equitable share of materials, supplies, and equip-
24 ment to small-business concerns;

25 “(11) to consult and cooperate with all Government

1 agencies for the purpose of insuring that small-business
2 concerns shall receive fair and reasonable treatment
3 from such agencies; and

4 “(12) to establish such small business advisory
5 boards and committees truly representative of small
6 business as may be necessary to achieve the purposes
7 of this Act, in addition to the National Small Business
8 Advisory Board established by section 4 (d).

9 “(c) The Administration shall from time to time make
10 studies of matters materially affecting the competitive
11 strength of small business, and of the effect on small business
12 of Federal laws, programs, and regulations, and shall make
13 recommendations to the appropriate Federal agency or
14 agencies for the adjustment of such programs and regula-
15 tions to the needs of small business.

16 “SEC. 9. (a) The Administration shall make a re-
17 port every six months of operations under this Act to the
18 President, the President of the Senate, and the Speaker of
19 the House of Representatives. Such report shall include the
20 names of the business concerns to whom contracts are let
21 and for whom financing is arranged by the Administration,
22 together with the amounts involved, and such report shall
23 include such other information and such comments and recom-
24 mendations as the Administration may deem appropriate.

25 “(b) The Administration shall make a report to the

1 President, the President of the Senate, and the Speaker of
2 the House of Representatives, to the Senate Select Commit-
3 tee on Small Business, and to the House Select Committee To
4 Conduct a Study and Investigation of the Problems of Small
5 Business, on June 30 and December 31 of each year, show-
6 ing as accurately as possible for each such period the amount
7 of funds appropriated to it that it has expended in the
8 conduct of each of its principal activities such as lending,
9 procurement, contracting, and providing technical and
10 managerial aids.

11 “(c) The Attorney General is directed to make, or re-
12 quest the Federal Trade Commission to make for him, sur-
13 veys for the purpose of determining any factors which may
14 tend to eliminate competition, create or strengthen monopo-
15 lies, injure small business, or otherwise promote undue con-
16 centration of economic power in the course of the admin-
17 istration of this Act. The Attorney General shall submit to
18 the Congress and the President, at such times as he deems
19 desirable, reports setting forth the results of such surveys and
20 including such recommendations as he may deem desirable.

21 “(d) For the purpose of aiding in carrying out the
22 national policy to insure that a fair proportion of the total
23 purchases and contracts for property and services for the
24 Government be placed with small-business enterprises, and
25 to maintain and strengthen the overall economy of the Na-

1 tion, the Department of Defense shall make a monthly report
2 to the President, the President of the Senate, and the Speaker
3 of the House of Representatives not less than forty-five days
4 after the close of the month, showing the amount of funds
5 appropriated to the Department of Defense which have been
6 expended, obligated, or contracted to be spent with small-
7 business concerns and the amount of such funds expended,
8 obligated, or contracted to be spent with firms other than
9 small business in the same fields of operation; and such
10 monthly reports shall show separately the funds expended,
11 obligated, or contracted to be spent for basic and applied
12 scientific research and development.

13 “(e) The Administration shall retain all correspondence,
14 records of inquiries, memoranda, reports, books, and records,
15 including memoranda as to all investigations conducted by
16 or for the Administration, for a period of at least one year
17 from the date of each thereof, and shall at all times keep the
18 same available for inspection and examination by the Senate
19 Select Committee on Small Business and the House Select
20 Committee To Conduct a Study and Investigation of the
21 Problems of Small Business, or their duly authorized repre-
22 sentatives.

23 “(f) To the extent deemed necessary by the Adminis-
24 trator to protect and preserve small-business interests, the
25 Administration shall consult and cooperate with other de-

1 departments and agencies of the Federal Government in the
2 formulation by the Administration of policies affecting small-
3 business concerns. When requested by the Administrator,
4 each department and agency of the Federal Government
5 shall consult and cooperate with the Administration in the
6 formulation by such department or agency of policies affect-
7 ing small-business concerns, in order to insure that small-
8 business interests will be recognized, protected, and pre-
9 served. This subsection shall not require any department
10 or agency to consult or cooperate with the Administration
11 in any case where the head of such department or agency
12 determines that such consultation or cooperation would un-
13 duly delay action which must be taken by such department
14 or agency to protect the national interest in an emergency.

15 “SEC. 10. (a) The President is authorized to consult
16 with representatives of small-business concerns with a view
17 to encouraging the making by such persons with the ap-
18 proval of the President of voluntary agreements and pro-
19 grams to further the objectives of this Act.

20 “(b) No act or omission to act pursuant to this Act
21 which occurs while this Act is in effect, if requested by the
22 President pursuant to a voluntary agreement or program ap-
23 proved under subsection (a) of this section and found by
24 the President to be in the public interest as contributing to
25 the national defense, shall be construed to be within the

1 prohibitions of the antitrust laws or the Federal Trade Com-
2 mission Act of the United States. A copy of each such re-
3 quest intended to be within the coverage of this section, and
4 any modification or withdrawal thereof, shall be furnished
5 to the Attorney General and the Chairman of the Federal
6 Trade Commission when made, and it shall be published in
7 the Federal Register unless publication thereof would, in
8 the opinion of the President, endanger the national security.

9 “(c) The authority granted in subsection (b) of this
10 section shall be delegated only (1) to an official who shall
11 for the purpose of such delegation be required to be ap-
12 pointed by the President by and with the advice and consent
13 of the Senate, (2) upon the condition that such official
14 consult with the Attorney General and the Chairman of
15 the Federal Trade Commission not less than ten days before
16 making any request or finding thereunder, and (3) upon
17 the condition that such official obtain the approval of the
18 Attorney General to any request thereunder before making
19 the request.

20 “(d) Upon withdrawal of any request or finding here-
21 under, or upon withdrawal by the Attorney General of his
22 approval of the voluntary agreement or program on which
23 the request or finding is based, the provisions of this section
24 shall not apply to any subsequent act, or omission to act,
25 by reason of such finding or request.

1 “SEC. 11. The President may transfer to the Adminis-
2 tration any functions, powers, and duties of any department
3 or agency which relate primarily to small-business problems.
4 In connection with any such transfer, the President may
5 provide for appropriate transfers of records, property, neces-
6 sary personnel, and unexpended balances of appropriations
7 and other funds available to the department or agency from
8 which the transfer is made.

9 “SEC. 12. No loan shall be made or equipment, facili-
10 ties, or services furnished by the Administration under this
11 Act to any business enterprise unless the owners, partners,
12 or officers of such business enterprise (1) certify to the
13 Administration the names of any attorneys, agents, or other
14 persons engaged by or on behalf of such business enterprise
15 for the purpose of expediting applications made to the Ad-
16 ministration for assistance of any sort, and the fees paid or
17 to be paid to any such persons; (2) execute an agreement
18 binding any such business enterprise for a period of two
19 years after any assistance is rendered by the Administration
20 to such business enterprise, to refrain from employing, ten-
21 dering any office or employment to, or retaining for profes-
22 sional services, any person who, on the date such assist-
23 ance or any part thereof was rendered, or within one year
24 prior thereto, shall have served as an officer, attorney,
25 agent, or employee of the Administration occupying a posi-

tion or engaging in activities which the Administration shall have determined involve discretion with respect to the granting of assistance under this Act; and (3) furnish the names of lending institutions to which such business enterprise has applied for loans together with dates, amounts, terms, and proof of refusal.

“SEC. 13. To the fullest extent the Administration deems practicable, it shall make a fair charge for the use of Government-owned property and make and let contracts on a basis that will result in a recovery of the direct costs incurred by the Administration.

“SEC. 14. To effectuate the purposes of this Act, small-business concerns within the meaning of this Act shall receive any award or contract or any part thereof as to which it is determined by the Administration and the contracting procurement agency (1) to be in the interest of maintaining or mobilizing the Nation's full productive capacity, or (2) to be in the interest of war or national defense programs. Whenever the Administration and the contracting procurement agency fail to agree, the matter shall be submitted for determination to the Secretary or the head of the appropriate department or agency by the Administrator.

“SEC. 15. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any appli-

1 cant any loan, or extension thereof by renewal, deferment of
2 action, or otherwise, or the acceptance, release, or substi-
3 tution of security therefor, or for the purpose of influencing
4 in any way the action of the Administration, or for the
5 purpose of obtaining money, property, or anything of value,
6 under this Act, shall be punished by a fine of not more
7 than \$5,000 or by imprisonment for not more than two
8 years, or both.

9 “(b) Whoever, being connected in any capacity with
10 the Administration, (1) embezzles, abstracts, purloins, or
11 willfully misapplies any moneys, funds, securities, or other
12 things of value, whether belonging to it or pledged or other-
13 wise entrusted to it, or (2) with intent to defraud the Ad-
14 ministration or any other body politic or corporate, or any
15 individual, or to deceive any officer, auditor, or examiner of
16 the Administration, makes any false entry in any book, re-
17 port, or statement of or to the Administration, or, without
18 being duly authorized, draws any order or issues, puts forth,
19 or assigns any note, debenture, bond, or other obligation, or
20 draft, bill of exchange, mortgage, judgment, or decree
21 thereof, or (3) with intent to defraud participates or shares
22 in or receives directly or indirectly any money, profit, prop-
23 erty, or benefit through any transaction, loan, commission,
24 contract, or any other act of the Administration, or (4) gives
25 any unauthorized information concerning any future action or

1 plan of the Administration which might affect the value of
2 securities, or, having such knowledge, invests or speculates,
3 directly or indirectly, in the securities or property of any
4 company or corporation receiving loans or other assistance
5 from the Administration, shall be punished by a fine of not
6 more than \$10,000 or by imprisonment for not more than
7 five years, or both.

8 “SEC. 16. The Administration shall not duplicate the
9 work or activity of any other department or agency of the
10 Federal Government and nothing contained in this Act shall
11 be construed to authorize any such duplication unless such
12 work or activity is expressly provided for in this Act.

13 “SEC. 17. If any provision of this Act, or the applica-
14 tion thereof to any person or circumstances, is held invalid,
15 the remainder of this Act, and the application of such pro-
16 vision to other persons or circumstances, shall not be affected
17 thereby.

18 “SEC. 18. There are hereby authorized to be appro-
19 priated such sums as may be necessary and appropriate for
20 the carrying out of the provisions and purposes of this Act.

21 “SEC. 19. All laws and parts of laws inconsistent with
22 this Act are hereby repealed to the extent of such incon-
23 sistency.”

24 SEC. 3. The fourth paragraph of section 24 of the
25 Federal Reserve Act is amended (1) by striking out “or

1 the Small Business Administration” and “or of the Small
2 Business Act of 1953,” and (2) by adding at the end
3 thereof the following new sentence: “Loans in which the
4 Small Business Administration cooperates through agree-
5 ments to participate on an immediate or deferred basis under
6 the Small Business Act shall not be subject to the restrictions
7 or limitations of this section imposed upon loans secured by
8 real estate.”

Passed the House of Representatives June 25, 1957.

Attest:

RALPH R. ROBERTS,

Clerk.

85TH CONGRESS
1ST SESSION

H. R. 7963

AN ACT

To amend the Small Business Act of 1953, as amended.

JUNE 26 (legislative day, JUNE 21), 1957

Read twice and referred to the Committee on
Banking and Currency

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued July 5, 1957

For actions of July 3, 1957

85th-1st, No. 116

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: Senate committee reported bills to make permanent Federal administration of ACP, and to provide stand-by authority for crop reinsurance in Puerto Rico. Sen. Cooper urged continuation of ACP cost-sharing practices. Sen. Neuberger criticized President's statement on inflationary effect of farm program. Sen. Murray and others introduced and Sen. Murray discussed bill to repeal timber Sustained Yield Act.

SENATE

1. CROP INSURANCE. The Agriculture and Forestry Committee reported without amendment H.R. 632, to extend crop reinsurance to Puerto Rico (S. Rept. 580). p. 9776
2. SOIL CONSERVATION. The Agriculture and Forestry Committee reported with amendment H.R. 1045, to remove the time limit on Federal administration of ACP but to retain the authority for State administration if State plans are submitted and approved (S. Rept. 581). p. 9776
Sen. Cooper urged the Secretary to continue the cost-sharing practices under the Agricultural Conservation Program, particularly those for sharing the cost of supplying certain minerals to increase soil fertility. pp. 9813-14
3. FARM PRICES. Sen. Neuberger criticized the President's statement concerning the relationship of the increase in the cost of living to farm price increases and the farm program. pp. 9788-9
4. MINERALS. The Interior and Insular Affairs Committee reported with amendments S. 2069, to promote the development of coal on the public domain (S. Rept. 576). p. 9776

5. PERSONNEL. The Daily Digest states: "Committee on Post Office and Civil Service: Subcommittee on Federal Employee's Compensation held an executive session and rescinded its previous action on S. 27, to increase rates of basic compensation of employees in the field service of Post Office Department and S. 734, to revise the basic compensation schedules of the Classification Act of 1949, which action was to grant \$500 increases across the board in all levels and all grades. In lieu of this action, the subcommittee today agreed to provide a 7½ percent increase across the board in all levels and all grades, and also agreed to a \$240 temporary cost-of-living adjustment in the first five levels of the postal field service schedule." p. D615
The Joint Committee on Reduction of Nonessential Federal Expenditures inserted its report on Federal employment and pay for May, 1957. pp. 9776-80.
6. TRANSPORTATION. Passed with an amendment (by Sen. Smathers, to allow a contract carrier serving but one shipper for not less than a year to file minimum charges unless the ICC decides otherwise) S. 943, to require contract carriers by motor vehicles to file actual rates or charges with the ICC. pp. 9794-5
Passed without amendment S. 1461, to permit revocation of operating authorities for non-willful (as well as willful) offenses, and to change certain revocation procedures. pp. 9809-10
Passed as reported S. 1383, to require freight forwarders to obtain certificates of public convenience and necessity. p. 9810
7. BUILDINGS. Passed without amendment S. 2261 to amend and extend the Public Buildings Purchase Contract Act of 1954 and to require certain distribution and approval of Congress for such projects. pp. 9805-6
8. RECLAMATION. Passed as reported S. 977, to suspend and modify the application of the excess land provisions of the Federal reclamation laws to lands in the East Bench unit, Mo. River Basin Project. pp. 9810-11
9. SMALL BUSINESS. The Banking and Currency Committee ordered reported H.R. 7963, to extend the Small Business Act of 1953 for one year and increase the SBA loan authority by \$75 million. p. D614
10. ELECTRIFICATION; RECLAMATION. Sen. Murray stated his regret at the action of the House Interior and Insular Affairs Committee on the Hells-Canyon dam bill, and inserted an editorial on the subject. p. 9787
11. FARM PROGRAM. Sen. Kefauver expressed regret of the death of Knox T. Hutchinson former Assistant Secretary of Agriculture. p. 9806
12. MONOPOLIES. Sen. Kefauver discussed a proposed National Chamber of Commerce meeting to discuss monopoly and urged more discussion of such economic problems pp. 9806-7
13. LEGISLATIVE PROGRAM. Sen. Mansfield stated that, conditions permitting, the Senate on Mon., July 8, would take up and consider S. 2406, to authorize the construction of electrification works on the Niagara River, and S. 1869, to amend the TVA Act to allow the issuing of bonds to finance the TVA power program (p. 9813). Sen. Knowland announced his intention to call up H.R. 6127, proposed civil rights legislation, following the conclusion of the pending business on Mon., July 8 (p. 9814).
14. ADJOURNED until Fri., July 5. p. 9814

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued June 16, 1958

For actions of June 13 and 14, 1958
Nos. 96 and 97

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HIGHLIGHTS: House committee ordered reported omnibus farm bill. Senate committee reported bill to extend Defense Production Act. Senate adopted conference report on pay raise bill.

SENATE - June 13

1. DEFENSE PRODUCTION. The Banking and Currency Committee reported without amendment S. 3323, to extend the Defense Production Act until June 30, 1960 (S. Rept. 1708). p. 9958
2. TRANSPORTATION. The Interstate and Foreign Commerce Committee reported with amendment S. 3916, to extend for two years provisions of the Shipping Act of 1916 relating to dual rate contract arrangements (S. Rept. 1709). p. 9958
3. PAY RAISE. Agreed to the conference report on S. 734, the pay raise bill for classified employees. The conferees agreed to provisions subjecting the qualifications of supergrade appointees to approval of the Civil Service Commission, increasing supergrade authorizations by 292, authorizing 5 additional Public Law 313 positions (up to \$19,000) for this Department, and expressing it as the sense of Congress that appropriations for extension work and experiment stations should include additional amounts for comparable pay increases. pp. 9975-78
4. FLOOD CONTROL. The Public Works Committee ordered reported with amendments S. 3910, the omnibus rivers and harbors and flood control bill. p. D538

5. SMALL BUSINESS. The Banking and Currency Committee ordered reported with amendment H. R. 7963, to extend the Small Business Act of 1953 and increase the SBA loan authority. p. D538

6. APPROPRIATIONS. Received from Treasury a report covering restoration of balances withdrawn from appropriation and fund accounts under the control of that Department. p. 9958

7. PRICE CONTROL. Sen. Kefauver spoke in favor of a voluntary price and wage control program, and urged the President to consider such a program. pp. 9961-62

8. EDUCATION. Sen. Wiley inserted an address by the U. S. Commissioner of Education on education inside the Soviet Union, "The Russian Race for Knowledge." pp. 9967-69

HOUSE - June 13

9. FARM PROGRAM. The Agriculture Committee ordered reported H. R. 12860, the omnibus farm bill. An amended and clean bill is to be introduced. p. D538

10. APPROPRIATIONS. Conferees agreed to file a report on Senate- and House-passed versions of H. R. 12540, the Commerce and related agencies appropriation bill for 1959. p. D539

SENATE - June 14

11. FLOOD CONTROL. The Public Works Committee reported with amendments S. 3910, the rivers and harbors and flood control bill (S. Rept. 1710). p. 10049
Agreed to print as S. Doc. 105 an interim report of the Army Engineers on Big Sandy River, Tug Fork, Ky., Va., and W. Va. p. 10131

12. PERSONNEL. Sen. Neuberger commended passage of the classified pay bill, and inserted an article he wrote urging a crash program for health research. p. 10052-4

13. FOREIGN TRADE. Sen. Proxmire inserted a telegram urging him to vote against reciprocal trade, and his reply concluding freer trade benefited Wisc. p. 10054

14. TELEPHONE TAX. Sen. Douglas inserted 30 editorials urging repeal of the Federal excise tax on telephone and two tables showing the taxes collected in each state from this source. pp. 10120-6
Sen. Humphrey inserted a resolution from the New Ulm, Minn., Rural Telephone Co., urging repeal of the excise tax on telephones. pp. 10048-9

15. ARBOR DAY. Sen. Javits inserted a resolution from the Essex County, N. Y., Board of Supervisors, urging that the last Fri. in April be designated National Arbor Day. p. 10048

16. LEGISLATIVE PROGRAM. Sen. Johnson announced that, following final consideration on the labor bill, certain bills would be taken up by motion, including the rivers and harbors and flood control bill. p. 10047

17. ADJOURNED until Mon., June 16. p. 10131

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued June 17, 1958

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85th-2d, No. 98

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HIGHLIGHTS: House passed bills: To extend Defense Production Act. For study of outdoor recreation resources. House received conference report on pay raise bill. Sen. Humphrey introduced and discussed bill to provide export program for dairy products. Rep. Cooley introduced omnibus farm bill.

SENATE

1. **DAIRY INDUSTRY.** Sen. Fulbright referred to the fact that in 1957 per capita consumption of margarine exceeded that of butter, and stated that passage of non-discriminatory legislation had not resulted in the dangers alleged, that farmers were profiting from sales of margarine raw materials, and that removal of further restrictions (including passage of H. R. 912, to allow the Navy to utilize margarine in certain circumstances) would benefit producers and consumers alike. pp. 10183-5
2. **HUMANE SLAUGHTER.** Sen. Neuberger commended the efforts to pass humane slaughter legislation and inserted two editorials from Jewish magazines supporting such bills. pp. 10197-9
3. **PERSONNEL ETHICS.** Sen. Proxmire inserted various items concerning ethics and the acceptance of gifts, including a list of the gifts given the President, 1953-55, articles on Caesar's wife and business ethics, and a report from the Library of Congress, "A Study of Gratuities and the Public Employee." pp. 10185-95

4. REORGANIZATION. The Reorganization Subcommittee ordered adversely reported to the Government Operations Committee S. Res. 297, to disapprove Reorganization Plan No. 1 of 1958, to merge the Office of Defense Mobilization and the Federal Civilian Defense Administration. The effect of this action would approve the plan. p. D546
5. SMALL BUSINESS. The Banking and Currency Committee reported with amendments H. R. 7963, to extend the Small Business Act of 1953 and increase the SBA loan authority (S. Rept. 1714). p. 10178
6. PROPERTY. Passed without amendment H. J. Res. 427, to convey the Federal reversionary right to a tract in Kerr County, Texas, which was granted to the County to be used solely for agricultural purposes for 25 years from 1956, and is now used for 4-H Club purposes, which the County now wants to use for recreational purposes since they have developed a lake near by. This bill will now be sent to the President. p. 10181
7. FOREIGN TRADE. Both Houses received from the National Advisory Council on International Monetary and Financial Problems a report for July-Dec. 1957. pp. 10176, 10178.
8. RECLAMATION. Both Houses received a letter from the Interior Department stating that, due to a request for delay by water users, no report would be submitted on the San Luis Valley Project, Rio Grande and Weminuche Pass divisions, Colo., at this time. pp. 10176, 10178.
Both Houses received from the Interior Department a report that the Roosevelt Water Conservation District, Rigley, Ariz., had applied for a loan of \$2,780,000 for project works estimated to cost \$3,030,000. pp. 10176, 10178
9. LEGISLATIVE PROGRAM. Sen. Johnson announced that S. 3910, the rivers and harbors and flood control bill (which he termed generally approved as a substitute for S. 497, which was vetoed), would be considered at an early date, after consideration of the labor bill and the space bill were concluded. p. 10182

HOUSE

10. DEFENSE PRODUCTION. Passed under suspension of the rules H. R. 10969, to extend the Defense Production Act for 2 years until June 30, 1960. pp. 10144-146
11. FORESTRY. Passed under suspension of the rules S. 846, to establish a National Outdoor Recreation Resources Review Commission to study the outdoor recreation resources of the public lands and the other land and water areas of the U. S. pp. 10153-164
The "Daily Digest" states that the Indian Affairs Subcommittee of the Interior and Insular Affairs Committee held hearings on S. 3051, H. R. 9737, and H. R. 10375, relating to termination of Federal supervision over the Klamath Indians, including timberlands, and that executive consideration of the bills is scheduled for today, June 17. p. D548
Passed without amendment H. R. 11253, to authorize the Secretary of Agriculture to exchange certain lands and improvements of the Forest Service with the city of Redding, Calif. p. 10142
Passed without amendment H. R. 10321, to authorize the exchange of lands within the Estes Park Administrative Site, Roosevelt National Forest, for lands of equal value outside the Forest. p. 10144

85TH CONGRESS }
2d Session }

SENATE

{ REPORT
{ No. 1714

SMALL BUSINESS ACT

REPORT

OF THE

COMMITTEE ON
BANKING AND CURRENCY

TO ACCOMPANY

H. R. 7963



JUNE 16, 1958.—Ordered to be printed

UNITED STATES
GOVERNMENT PRINTING OFFICE

WASHINGTON : 1958

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SMALL BUSINESS ACT

JUNE 16, 1958.—Ordered to be printed

Mr. CLARK, from the Committee on Banking and Currency, submitted the following

REPORT

[To accompany H. R. 7963]

The Committee on Banking and Currency, to which was referred the bill (H. R. 7963) to amend the Small Business Act of 1953, as amended, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

LEGISLATIVE HISTORY

H. R. 7963, which completely rewrites the Small Business Act of 1953, was passed by the House of Representatives on June 25, 1957. The Banking and Currency Committee held hearings in the 1st and 2d sessions of the 85th Congress on H. R. 7963, and on other bills concerned with the programs of the Small Business Administration and with related matters, as follows: S. 55, S. 244, S. 246, S. 300, S. 545, S. 720, S. 1762, S. 1789, S. 1992, S. 2184, S. 2729, S. 2825, S. 2993, S. 3319, S. 3434, S. 3453, S. 3664, S. 3791, and Senate Resolution 138. After careful consideration of these bills and proposals received during hearings on the bills, the committee determined to report H. R. 7963, with several amendments. These amendments are explained in a later section of this report.

SUMMARY OF SMALL BUSINESS ADMINISTRATION PROGRAMS

The Small Business Administration was created by Public Law 163, 83d Congress, which law also provided for the liquidation of the Reconstruction Finance Corporation. Public Law 163 provided for the termination of the Small Business Administration on June 30, 1955, and this termination date was extended until July 31, 1957, by Public Law 268, 84th Congress. The agency was again extended until July 31, 1958, by Public Law 85-120.

The Small Business Administration has the following principal functions:

- (1) To make loans to small businesses, and to make disaster loans;
- (2) To enter into procurement contracts with other Federal agencies, and to perform under these contracts by subcontracting with small businesses;
- (3) To provide technical and managerial aids to small businesses; and
- (4) To assist small businesses in obtaining Government contracts.

BUSINESS LOANS

The following table summarizes activity under the business loan program from the beginning of operation through the third quarter of fiscal year 1958:

Small Business Administration—Selected statistics on business loans

	Number	Total amount	SBA share
Total loans approved.....	9,969	\$466,172,762	\$389,936,455
Net loans approved (net after deducting cancellations).....	8,553	401,174,000	335,538,000
Loans disbursed.....	7,558	336,527,024	279,638,384
Amount disbursed by SBA.....		(224,886,608)	
Amount disbursed by banks.....		(111,640,415)	
	Number	Total amount disbursed	Unpaid principal balance
Loans delinquent in excess of 60 days, as of Mar. 25, 1958.....	172	\$6,904,870	\$5,316,346
Loans in liquidation, as of Mar. 25, 1958.....	180	8,128,282	¹ 5,654,034
	Number	Total amount disbursed	SBA amount
Loans charged off through Mar. 25, 1958:			
Principal of loans and judgments acquired in liquidation of loans.....	17		\$159,383
Interest and other receivables.....			7,529
Total.....	17		166,912

¹ It is anticipated that existing collateral will permit recovery of the greater portion of this unpaid principal balance.

NOTE.—Data shown are as of Apr. 30, 1958, unless otherwise indicated.

DISASTER LOANS

In the operation of its disaster loan program, the agency's greatest activity occurred in fiscal year 1956. This resulted from the large number of applications for aid received following the floods resulting from hurricanes which struck the Atlantic coast the latter part of 1955 and heavy rains on the west coast in 1956. Since the beginning of SBA's operations to April 30, 1958, 9,087 disaster applications for \$124,164,000 had been received of which 7,253 loans for a gross of \$75,959,000 had been approved.

As part of its disaster loan program, the Small Business Administration also provides financial assistance in drought areas to concerns which have suffered economic injury as a result of drought conditions. Through April 30, 1958, 101 such loans for \$2,171,136 have been approved. Banks in the drought areas have agreed to assist in this program by accepting drought loan applications and providing necessary credit information for proper consideration of the loan request.

Public Law 85-335 also permits disaster loans to small-business men suffering substantial economic injury as a result of excessive rainfall. Through April 30, 1958, the SBA has made 146 disaster loans under this authority in amounts totaling \$1,989,857.

PRIME CONTRACTS

Although the Small Business Administration is empowered to enter into contracts with any department or agency of the United States Government to furnish supplies and services, and to arrange for the performance of such contracts through subcontracting to small-business concerns or others, as may be necessary, this authority has not been used to date. As explained elsewhere in this report, the \$100 million fund authorized for this program is being reduced to \$25 million.

PROCUREMENT AND TECHNICAL ASSISTANCE ACTIVITIES

Two of the primary functions of the SBA require the agency to assist small business in obtaining procurement contracts from the Federal Government and to provide managerial and technical assistance to small businesses. The agency's activities in these respects are summarized in the following table:

Procurement and technical assistance activities (for calendar year 1957 and for the period Aug. 1, 1953, through Dec. 25, 1957, unless otherwise indicated)

	Calendar year 1957	Aug. 1, 1953- Dec 25, 1957
Procurements set aside for small business.....	12, 866	29, 275
Value.....	\$777, 631, 385	\$2, 235, 699, 214
Prime contract referrals.....	¹ 38, 595	409, 553
Calls to develop subcontract opportunities.....	3, 926	14, 833
Subcontract opportunities referred.....	4, 978	31, 805
Cases of procurement assistance counseling and representation to procure- ment agencies in behalf of small firms.....	23, 583	² 95, 781
Firms helped to bid on specific procurements.....	8, 184	24, 941
Contacts to develop additional sources of supply for bidders lists on which small-business competition was needed.....	10, 676	² 26, 533
Certificates of competency:		
Applications received.....	244	769
Value.....	\$43, 014, 000	\$138, 790, 000
Number of certificates of competency issued.....	103	357
Value.....	\$12, 754, 000	\$43, 456, 000
Plants visited in connection with progress of certified contracts.....	731	3, 832
Engineering surveys (loans, certificates, preaward, etc.).....	4, 421	9, 139
Cases in which production and management assistance, including materials and equipment assistance, was given.....	¹ 4, 009	30, 377
Requests for products assistance handled.....	8, 492	² 22, 124
Inventions listed in products list circular.....	1, 399	³ 2, 721
Requests received for information and data on inventions listed in the cir- cular.....	3, 357	⁴ 6, 803
Administrative management courses:		
Courses conducted.....	121	⁵ 309
Participating educational institutions.....	71	⁵ 114
Businessmen students.....	4, 051	⁵ 10, 097
Publications distributed:		
Management aids.....	435, 480	2, 301, 255
Technical aids.....	205, 500	793, 475
Small marketers aids.....	403, 175	769, 400
Small business management series:		
Sales.....	97, 485	524, 697
Free distribution.....	3, 969	38, 677
Management Aids Annual No. 1—sales.....	4, 935	23, 966
Management Aids Annual No. 2—sales.....	5, 839	19, 071
Management Aids Annual No. 3—sales.....	7, 818	7, 818
Technical Aids Annual No. 1—sales.....	2, 431	6, 846

¹ Higher priority programs have caused a decrease in the staff time available for this activity.

² Covers period beginning July 1, 1954.

³ Covers period beginning Mar. 1, 1955.

⁴ Covers period beginning Dec. 1, 1955.

⁵ Covers period beginning October 1954 except for 2 pilot courses held in spring of 1954.

PRINCIPAL CHANGES IN EXISTING LAW

THREE YEAR EXTENSION OF THE SMALL BUSINESS ADMINISTRATION

As stated above, the Small Business Administration was created in 1953 and has functioned continuously since that date. This agency has operated some functions which formerly were administered by the Reconstruction Finance Corporation and the Small Defense Plants Administration, in addition to certain activities established by law since 1953. The committee is unanimous in its view that this agency should be continued. While the Small Business Administration is by no means a complete answer to the problems of small businesses, its programs are necessary and should be continued.

Several bills before the committee, including H. R. 7963, proposed that the Small Business Administration be made a permanent agency. The committee does not recommend permanency for the Small Business Administration at this time. Among the reasons advanced to support this view are the following:

(1) The Senate passed on June 9, 1958, the Small Business Investment Act of 1958, which act contemplates the development of private and local public institutions to assist in financing small business concerns, and which may materially affect the nature of Federal assistance to small businesses in the future.

(2) It is not clear that operations of the Small Business Administration in its present form have demonstrated the advisability of making these operations a permanent part of the Federal establishment.

(3) It is advisable that the Congress continue to study the ways and means by which the Federal Government can best assist the formation and growth of small-business concerns, and it is not wise to establish a permanent agency of Government in this field until further experience is gained.

The committee believes that a 3-year extension effectively expresses the view of the Congress that the types of assistance rendered by the Small Business Administration are necessary and desirable and that experience and study during the next 3 years will enable the Congress to more intelligently consider the question of permanency prior to the expiration of the Small Business Administration in 1961.

AUTHORIZATIONS FOR REVOLVING FUND

Authorizations for the revolving funds of the Small Business Administration as contained in existing law and as proposed by H. R. 7963 are as follows:

[In millions]

Funds	Existing law	H. R. 7963
Business loans.....	\$305	\$500
Disaster loans.....	125	125
Prime contracts.....	100	25
Total authorization.....	530	650

As shown by this table, H. R. 7963 would increase the authorization for business loans by \$295 million, would leave the authorization for disaster loans unchanged, and would reduce the authorization for

prime contracts by \$75 million. The total effect upon the authorized revolving fund is an increase of \$120 million.

The disaster loan fund is considered to be sufficient for the foreseeable future. As of April 30, 1958, approximately \$75 million of this authorization was uncommitted.

The authorization for prime contracts is reduced by \$75 million because this authority has not been used, and there is no present intention to use it. The remaining authorization of \$25 million should be sufficient until such time as it may be necessary to exercise this authority in considerable volume.

The \$295 million increase in the business loan fund should be sufficient to cover anticipated activity until June 30, 1959. The following table contains estimates made by the Small Business Administration:

Estimated use of business-loan authority by fiscal years

[Millions of dollars]

	1959	1960	1961
Loans outstanding, plus commitments, at start of fiscal year.....	\$303.7	\$499.5	\$652.7
Commitments issued during fiscal year.....	270.0	270.0	270.0
Total.....	573.7	769.5	922.7
Repayments during fiscal year.....	-74.2	-116.8	-163.3
Loans outstanding, plus commitments, at end of fiscal year.....	499.5	652.7	759.4

The estimate of \$270 million per fiscal year in new loans is based on the following assumptions:

Average number of applications per month.....	1,000
Withdrawals (10 percent).....	100
Approvals (60 percent of net receipts).....	540
Cancellations (7.5 percent of approvals).....	40
Net approvals.....	500
Average size (SBA share).....	\$45,000

Based upon these estimates, a total authorization of \$500 million for the business loan fund should be sufficient to permit business loan activity at current levels through June 1959. If activity should increase above the estimated level, the Congress will have an opportunity to reconsider the amount of this authorization early in the next session.

LOAN POLICY BOARD

Existing law vests responsibility for the establishment of general loan policies in a Loan Policy Board consisting of the following members, all ex officio: The Administrator of the Small Business Administration as Chairman, the Secretary of the Treasury and the Secretary of Commerce. A majority of the committee believes that this Board is unnecessary and that complete authority for formation of loan policy under the law should be vested in the Administrator of the Small Business Administration. The committee was responsive to the views of those who believe that the participation in loan policy formation by the Secretaries of Commerce and the Treasury may not be fully compatible with the purposes of the Small Business Act. The committee was also of the opinion that a single Administrator,

accountable to the Congress, is preferable to an organizational structure which divides responsibility for the formation of lending policies.

For the same reasons, the committee also determined to delete a provision in H. R. 7963 which would have established a National Small Business Advisory Board to advise and consult with the Small Business Administration in carrying out the purposes of this act. The committee believes that the Small Business Administrator has complete freedom to seek the advice of and to consult with the Secretary of the Treasury, the Secretary of Commerce, and with private persons who are familiar with small-business needs and problems and are truly representative of small-business interests. This advice and consultation can be beneficial to the Administrator of the Small Business Administration without relieving him of any responsibility to the Congress for administering the programs established under the Small Business Act.

MAXIMUM LOAN LIMIT

Existing law and H. R. 7963, as passed in the House of Representatives, contain a maximum loan limitation of \$250,000. The committee believes that this limitation is unduly restrictive and that some small-business concerns need and would be eligible for a larger amount. The committee considered a maximum limitation of \$500,000 as proposed in S. 1762. After careful consideration of this proposed increase, it was determined that a maximum limitation of \$350,000 is preferable.

ASSISTANCE TO SMALL BUSINESSES IN OBTAINING GOVERNMENT RESEARCH AND DEVELOPMENT CONTRACTS

The committee was impressed with evidence that larger firms conduct by far the largest programs of research and that this situation is aggravated by the fact that Federal research contracts go primarily to larger firms.

In addition to directly benefiting from the Government research contracts, these large companies have an advantage in obtaining procurement contracts which may result from the research and have an advantage in developing new commercial products based upon such research. Section 9 of H. R. 7963, a committee amendment, would help small businesses overcome these disadvantages in three ways. This amendment would (1) direct the Small Business Administration to assist small-business concerns in obtaining Government contracts for research and development, (2) direct the Small Business Administration to assist small-business concerns in obtaining the benefits of research and development performed under Government contract or at Government expense by larger firms, and (3) enable groups of small businesses to join together for research and development work without violating antitrust laws and other Federal trade laws.

The committee believes that these new provisions in the Small Business Act will make a significant difference in the volume of research and development to be undertaken by small-business concerns and will enhance their ability to capitalize upon commercial application of Government research work.

ADMENDMENTS TO THE HOUSE BILL

DEFINITION OF SMALL BUSINESS FOR PROCUREMENT PURPOSES

Existing law defines a small-business concern as one which is independently owned and operated and which is not dominant in its field of operation. In addition to the foregoing criteria the SBA, in making a detailed definition, may use these criteria, among others: Number of employees and dollar volume of business.

Under these provisions of law the Small Business Administration has developed detailed size standards to define small businesses for purposes of obtaining SBA loans. These standards classify a business as small, according to the industry in which the business operates, if the business has 250 employees, or 500 employees, or 750, or 1,000, varying from industry to industry. In the wholesale, retail, services, and distributive trades the SBA uses a yearly dollar volume of business as the dividing line between "small" and "large" businesses. These variable size standards for loan purposes have been in operation for some time.

Up until recently the size standard for purposes of assisting small-business concerns in obtaining Government contracts has been an inflexible rule of 500 employees—a concern having more than 500 employees being ineligible for such assistance. This rule has prevailed for over 20 years in classifying "small" as opposed to "large" businesses in the area of Federal procurement.

H. R. 7963, as passed by the House, contains a provision which would have required the SBA to establish a new variable size standard for assisting small business in obtaining Federal procurement contracts. The bill provided that if such a standard were not placed in effect within 60 days after the date of enactment, any small-business definition which was in use by the SBA for loan purposes would immediately become effective for procurement purposes.

The committee considered this provision of H. R. 7963, determined that it was unnecessary, and amended the bill by deleting this provision.

In determining to amend the bill in this way the committee was impressed by efforts which the Small Business Administration is now making to establish a flexible-size standard for procurement purposes. In April 1955 an interagency task force began drafting a flexible size standard to be used by all Federal agencies. This draft was completed in February 1958 and has been circulated among all Federal agencies concerned. In the meantime the Small Business Administration has adopted a policy which enables the Administrator to issue a small-business certificate to a concern, if he determines that such a business is "small" within the meaning of the act, even though this business may have employees in excess of 500. One example of such action is in the oil industry where a refinery is classified as small if it has less than 1,000 employees. The committee was advised that this policy will continue and that additional flexible standards will be adopted and that work will continue to perfect the task force recommendations referred to above.

Taking into consideration the problems involved in having variable size standards for use by thousands of Federal procurement officers, and taking into consideration the progress that is being made in this

area, the committee believes that specific provisions of law on this subject are unnecessary at this time. The committee will continue to observe SBA operations in assisting the channeling of Federal procurement contracts to small-business concerns and will be alert to any developments which indicate the need for further legislative direction.

TEMPORARY AND INTERMITTENT EMPLOYEES

Existing law permits the SBA to utilize the services of experts and consultants only on a temporary basis for a maximum period of 6 months. While the word "temporary" contemplates the procurement of services for a limited period, it does not permit employment on a recurrent basis or on a when, as, and- if-needed basis. Moreover, the 6 month limitation is unnecessarily restrictive. This is particularly true in the procurement of services necessary to administer the SBA disaster loan program. Consequently, the committee amendment would permit the "intermittent" employment of experts and consultants and would permit the employment contract for temporary employees to extend for a period of not to exceed 1 year. The committee is advised that many other Government agencies have similar authority.

EMPLOYEE TRAINING PROGRAMS

This amendment to existing law will enable the Small Business Administration to pay the salaries and expenses of employees in connection with training courses which they are authorized to attend. Employee training is a necessary and inseparable function of good management. The Senate Post Office and Civil Service Committee and the reports of both Hoover Commissions have recognized the desirability of permitting Government agencies to provide such training.

There is a special need for this employee training in the case of SBA. SBA is directed to aid, assist, counsel, and protect small-business concerns, and SBA employees are expected to make available to small-business concerns information about the most recent developments of our dynamic industrial economy.

To keep abreast of these new developments, they should be permitted to attend training courses. The attendance at such course should be limited by the SBA so as to minimize costs and to avoid any increase in appropriations.

MAXIMUM INTEREST RATE FOR BUSINESS LOANS

Existing law requires that any business loan made by or participated in by, the Small Business Administration shall bear interest at the rate prevailing in the area where the funds are to be used but that the rate shall not exceed 6 percent per annum. H. R. 7963, as passed in the House of Representatives, contained a provision reducing the maximum rate of interest to 5 percent per annum on the SBA share of any business loan. The committee believes that this change in existing law is unwise and has recommended an amendment to the maximum interest rate provision.

The committee amendment requires that the SBA share of any business loan shall not bear an interest rate in excess of 6 percent per annum and deletes the direction concerning the rate prevailing

in the area where the funds are to be used. The committee believes that a maximum rate of 6 percent is not unreasonable for business loans of the kind made by the Small Business Administration. These loans are quite risky by reason of the fact that the law prevents the SBA from lending, if credit is otherwise available through private sources. The SBA Administrator testified that an interest rate of between 8½ and 9 percent would be necessary for the loan program to avoid a deficit. A reduction of the maximum interest rate to 5 percent would only serve to increase the deficit in the operations of the business loan program.

The committee also believes that a maximum interest rate of 5 percent on the SBA share of business loans would reduce the volume of deferred participation loans and would increase the volume of direct Federal loans. A deferred participation loan is one under which the entire loan is made by a private financial institution, and under which the SBA agrees to take over a portion of the loan if and when the private lender so requests. If the SBA share is limited to a 5 percent interest rate, this maximum rate would apply to the SBA share from inception of the loan and would be a limitation upon interest to be charged by the private lender. This provision would undoubtedly reduce the volume of deferred participation loans. The effect of this decline would be a corresponding increase in the direct outlay of Federal funds.

The committee amendment deletes a portion of existing law which permits the interest ceiling to be determined by the rate prevailing in the area where the funds are to be used. This provision has been unworkable because the determination of this prevailing rate is impracticable. There is no way to determine the prevailing rate for business loans of the type negotiated by the Small Business Administration. By their very nature these loans are exceptions to the general practices of private lenders and no standards can be established for determining the prevailing rate.

DISASTER LOANS IN AREAS AFFECTED BY EXCESSIVE RAINFALL

Public Law 85-335 was enacted subsequent to the passage of H. R. 7963 by the House of Representatives. Public Law 85-335 authorizes the Small Business Administration to make disaster loans to small-business concerns experiencing economic injury because of excessive rainfall in the area where the business is located. The committee has amended H. R. 7963 to include this provision of existing law, which passed the Senate and the House of Representatives subsequent to House action on H. R. 7963.

PROCUREMENT CONTRACTS FOR SMALL BUSINESSES

H. R. 7963, as passed by the House of Representatives, was amended by the committee to include certain language contained in S. 3224. This language was prepared by the General Services Administration with the cooperation of the Small Business Administration and is intended to make it easier for small-business concerns to do business with the Government. Existing law directs the Small Business Administration to assist small-business concerns in obtaining a fair proportion of Government contracts for property and services.

Under existing law, such assistance may be made only when it is found to be in the interest of maintaining or mobilizing full productive capacity or in the interest of war or civil defense programs.

This amendment puts the procurement assistance program on a peacetime basis, and permits assistance to be rendered for all types of Federal procurement without regard to any relationship to the maintenance of full productive capacity or any relationship to war or civil defense programs. In addition, the amendment would make the assistance program more efficient by authorizing classes of Federal contracts to be earmarked for small-business concerns without the necessity for earmarking every individual contract.

SUBORDINATION OF SBA CLAIMS TO STATE AND LOCAL TAX LIENS

This amendment was proposed by S. 3319 and was endorsed by the Small Business Administration, with the approval of the Bureau of the Budget. It is designed to place SBA claims against the assets of small-business borrowers in a subordinate position to the claims of State and local tax liens against such assets. This provision is consistent with other provisions of law and clarifies the position of the SBA in actions brought to realize its interest in the assets of borrowers who have defaulted under SBA loans.

EXTEND MATURITY OF CERTAIN RFC LOANS

The Treasury Department is administering the liquidation of certain loans made by the Reconstruction Finance Corporation. The committee had amended H. R. 7963 to permit the Secretary of the Treasury to extend the majority of such loans for additional periods not exceeding 10 years where such extensions will aid in the orderly liquidation of the loans. This amendment contains permissive authority to be used by the Secretary of the Treasury, and the Treasury and the Bureau of the Budget have no objection to the amendment.

OTHER AMENDMENTS

In addition to the foregoing amendments, it was necessary to make several technical changes in H. R. 7963. Substantive amendments which are not discussed in this section of the report have been covered in prior sections and are concerned with the following subjects:

- (1) Elimination of the loan policy board;
- (2) Extension of the SBA for 3 years;
- (3) Increasing the maximum loan limit from \$250,000 to \$350,000; and
- (4) Assisting small-business concerns in obtaining research and development contracts.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, the provisions of existing law, and the provisions of the law as it would be amended by H. R. 7963, as reported, are shown in parallel columns, below:

SMALL BUSINESS ACT OF 1953
(EXISTING LAW)

SMALL BUSINESS ACT AS PROPOSED
IN H. R. 7963

SEC. 201. This title may be cited as the "Small Business Act of 1953".

SEC. 1. This Act may be cited as the "Small Business Act".

SEC. 202. The essence of the American economic system of private enterprise is free competition. Only through full and free competition can free markets, free entry into business, and opportunities for the expression and growth of personal initiative and individual judgment be assured. The preservation and expansion of such competition is basic not only to the economic well-being but to the security of this Nation. Such security and well-being cannot be realized unless the actual and potential capacity of small business is encouraged and developed. It is the declared policy of the Congress that the Government should aid, counsel, assist, and protect insofar as is possible the interests of small-business concerns in order to preserve free competitive enterprise, to insure that a fair proportion of the total purchases and contracts for supplies and services for the Government be placed with small-business enterprises, and to maintain and strengthen the overall economy of the Nation.

SEC. 2. (a) The essence of the American economic system of private enterprise is free competition. Only through full and free competition can free markets, free entry into business, and opportunities for the expression and growth of personal initiative and individual judgment be assured. The preservation and expansion of such competition is basic not only to the economic well-being but to the security of this Nation. Such security and well-being cannot be realized unless the actual and potential capacity of small business is encouraged and developed. It is the declared policy of the Congress that the Government should aid, counsel, assist, and protect, insofar as is possible, the interests of small-business concerns in order to preserve free competitive enterprise, to insure that a fair proportion of the total purchases and contracts for property and services for the Government (including but not limited to contracts for maintenance, repair, and construction) be placed with small-business enterprises, and to maintain and strengthen the overall economy of the Nation.

Further, it is the declared policy of the Congress that the Government should aid and assist victims of floods or other catastrophes.

(b) Further, it is the declared policy of the Congress that the Government should aid and assist victims of floods and other catastrophes.

SEC. 203. For the purposes of this title, a small-business concern shall be deemed to be one which is

SEC. 3. For the purposes of this Act, a small-business concern shall be deemed to be one which is

independently owned and operated and which is not dominant in its field of operation. In addition to the foregoing criteria the Administration, in making a detailed definition, may use these criteria, among others: Number of employees and dollar volume of business.

SEC. 204. (a) In order to carry out the policies of this title there is hereby created an agency under the name "Small Business Administration" (herein referred to as the Administration), which Administration shall be under the general direction and supervision of the President and shall not be affiliated with or be within any other agency or department of the Federal Government. The principal office of the Administration shall be located in the District of Columbia, but the Administration may establish such branch and regional offices in other places in the United States as may be determined by the Administrator of the Administration.

independently owned and operated and which is not dominant in its field of operation. In addition to the foregoing criteria the Administrator, in making a detailed definition, may use these criteria, among others: Number of employees and dollar volume of business.

SEC. 4. (a) In order to carry out the policies of this Act there is hereby created an agency under the name "Small Business Administration" (herein referred to as the Administration), which Administration shall be under the general direction and supervision of the President and shall not be affiliated with or be within any other agency or department of the Federal Government. The principal office of the Administration shall be located in the District of Columbia. The Administration may establish such branch and regional offices in other places in the United States as may be determined by the Administrator of the Administration. * * *

* * * * *

(b) The Administration is authorized to obtain money from the Treasury of the United States for use in the performance of the powers and duties granted to or imposed upon it by law, not to exceed a total of \$530,000,000 outstanding at any one time. For this purpose appropriations not to exceed \$530,000,000 are hereby authorized to be made to a revolving fund in the Treasury. Advances shall be made to the Administration from the revolving fund when requested by the Administration. This revolving fund shall be used for the purposes enumerated subsequently in section 207 (a), (b) (1), (b) (2), and (b) (3). Not to exceed an aggregate of \$305,000,000 shall be outstanding at any one time for the purposes enumerated in section 207 (a). Not to exceed an

(c) The Administration is authorized to obtain money from the Treasury of the United States for use in the performance of the powers and duties granted to or imposed upon it by law, not to exceed a total of \$650,000,000 outstanding at any one time. For this purpose appropriations not to exceed \$650,000,000 are hereby authorized to be made to a revolving fund in the Treasury. Advances shall be made to the Administration from the revolving fund when requested by the Administration. This revolving fund shall be used for the purposes enumerated subsequently in sections 7 (a), 7 (b), and 8 (a). Not to exceed an aggregate of \$500,000,000 shall be outstanding at any one time for the purposes enumerated in section 7 (a). Not to exceed an aggregate of

aggregate of \$125,000,000 shall be outstanding at any one time for the purposes enumerated in section 207 (b) (1). Not to exceed an aggregate of \$100,000,000 shall be outstanding at any one time for the purposes enumerated in section 207 (b) (2) and (b) (3). The Administration shall pay into miscellaneous receipts of the Treasury at the close of each fiscal year, interest on the net amount of the cash disbursements from such advances at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding interest-bearing marketable public debt obligations of the United States of comparable maturities.

(c) The management of the Administration shall be vested in an Administrator who shall be appointed from civilian life by the President, by and with the advice and consent of the Senate, and who shall be a person of outstanding qualifications known to be familiar and sympathetic with small-business needs and problems. The Administrator shall receive compensation at the rate of \$17,500 per annum. The Administrator shall not engage in any other business, vocation, or employment than that of serving as Administrator. The Administrator is authorized to appoint three deputy administrators to assist in the execution of the functions vested in the Administration. Deputy administrators shall be paid at the rate of \$15,000 per annum.

(d) There is hereby created the Loan Policy Board of the Small Business Administration, which shall consist of the following members, all ex officio: The Administrator, as Chairman, the Secretary of the Treasury, and the Secretary of Commerce. Either of the said Secretaries may designate an officer of his Department, who has been

\$125,000,000 shall be outstanding at any one time for the purposes enumerated in section 7 (b). Not to exceed an aggregate of \$25,000,000 shall be outstanding at any one time for the purposes enumerated in section 8 (a). The Administration shall pay into miscellaneous receipts of the Treasury, at the close of each fiscal year, interest on the net amount of the cash disbursements from such advances at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding interest-bearing marketable public debt obligations of the United States of comparable maturities.

(b) The management of the Administration shall be vested in an Administrator who shall be appointed from civilian life by the President, by and with the advice and consent of the Senate, and who shall be a person of outstanding qualifications known to be familiar and sympathetic with small-business needs and problems. The Administrator shall not engage in any other business, vocation, or employment than that of serving as Administrator. The Administrator is authorized to appoint three Deputy Administrators to assist in the execution of the functions vested in the Administration.

(d) The Administrator shall establish general policies (particularly with reference to the public interest involved in the granting and denial of applications for financial assistance by the Administration and with reference to the coordination of the functions of the Administration with other activities and policies of the Gov-

appointed by the President by and with the advice and consent of the Senate, to act in his stead as a member of the Loan Policy Board with respect to any matter or matters. The Loan Policy Board shall establish general policies (particularly with reference to the public interest involved in the granting and denial of applications for financial assistance by the Administration and with reference to the coordination of the functions of the Administration with other activities and policies of the Government) which shall govern the granting and denial of applications for financial assistance by the Administration.

(e) As used in this Act, the term "United States" includes the several States, the Territories and possessions of the United States, the Commonwealth of Puerto Rico, and the District of Columbia.

(f) The Administrator may establish regional offices of the Administration in the Territories of Alaska, Hawaii, and in the Commonwealth of Puerto Rico.

SEC. 205. (a) The Administration shall have power to adopt, alter, and use a seal, which shall be judicially noticed. The Administrator is authorized, subject to the civil-service and classification laws, to select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this title; to define their authority and duties, to provide bonds for them in such amounts as the Administrator shall determine, and to pay the costs of qualification of certain of them as notaries public. The Administration, with the consent of any board, commission, independent establishment, or executive department of the Government, may avail itself on a reimbursable basis

ernment) which shall govern the granting and denial of applications for financial assistance by the Administration.

(a) * * * As used in this Act, the term "United States" includes the several States, the Territories and possessions of the United States, the Commonwealth of Puerto Rico, and the District of Columbia.

[See third sentence of sec. 4 (a).]

SEC. 5. (a) The Administration shall have power to adopt, alter, and use a seal, which shall be judicially noticed. The Administrator is authorized, subject to the civil-service and classification laws, to select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this Act; to define their authority and duties; to provide bonds for them in such amounts as the Administrator shall determine; and to pay the costs of qualification of certain of them as notaries public. The Administration, with the consent of any board, commission, independent establishment, or executive department of the Government, may avail itself on a reimbursable or nonreimbursable basis

of the use of information, services, facilities, including any field service thereof, officers, and employees thereof, in carrying out the provisions of this title. Subject to the standards and procedures under section 505 of the Classification Act of 1949, as amended, not to exceed fifteen positions in the Small Business Administration may be placed in grades 16, 17, and 18 of the General Schedule established by that Act, and any such positions shall be additional to the number authorized by such section.

(b) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator may—

(1) sue and be sued in any court of record of a State having general jurisdiction, or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy: *Provided*, That no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Administrator or his property;

(2) under regulations prescribed by him, assign or sell at public or private sale, or otherwise disposed of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as the Administrator shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of loans granted under this title, and to collect or compromise all obligations assigned to or held by him and all legal or equitable rights accruing to him in con-

of the use of information, services, facilities (including any field service thereof), officers, and employees thereof, in carrying out the provisions of this Act. Subject to the standards and procedures under section 505 of the Classification Act of 1949, as amended, not to exceed fifteen positions in the Administration may be placed in grades 16, 17, and 18 of the General Schedule established by that Act, and any such positions shall be additional to the number authorized by such section.

(b) In the performance of, and with respect to, the functions, powers, and duties vested in him by this Act the Administrator may—

(1) sue and be sued in any court of record of a State having general jurisdiction, or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Administrator or his property;

(2) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as the Administrator shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of loans granted under this Act, and to collect or compromise all obligations assigned to or held by him and all legal or equitable rights accruing to him in con-

nection with the payment of such loans until such time as such obligation may be referred to the Attorney General for suit or collection;

(3) deal with, complete, renovate, improve, modernize, insure, or rent, or sell for cash or credit upon such terms and conditions and for such consideration as the Administrator shall determine to be reasonable, any real property conveyed to or otherwise acquired by him in connection with the payment of loans granted under this title;

(4) pursue to final collection, by way of compromise or otherwise, all claims against third parties assigned to the Administrator in connection with loans made by him. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Administrator. Section 3709 of the Revised Statutes, as amended (41 U. S. C. 5), shall not be construed to apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Administrator as a result of loans made under this title if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the Administrator deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein acquired by the Administrator pursuant to the provisions of this title may be exercised by the Administrator or by any officer or agent appointed by him without the execution of any express delegation of power or power of attorney. Nothing in this section shall be construed to prevent the Administrator

nection with the payment of such loans until such time as such obligations may be referred to the Attorney General for suit or collection;

(3) deal with, complete, renovate, improve, modernize, insure, or rent, or sell for cash or credit upon such terms and conditions and for such consideration as the Administrator shall determine to be reasonable, any real property conveyed to or otherwise acquired by him in connection with the payment of loans granted under this Act;

(4) pursue to final collection, by way of compromise or otherwise, all claims against third parties assigned to the Administrator in connection with loans made by him. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Administrator. Section 3709 of the Revised Statutes, as amended (41 U. S. C., sec. 5), shall not be construed to apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Administrator as a result of loans made under this Act if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the Administrator deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein acquired by the Administrator pursuant to the provisions of this Act may be exercised by the Administrator or by any officer or agent appointed by him without the execution of any express delegation of power or power of attorney. Nothing in this section shall be con-

from delegating such power by order or by power of attorney, in his discretion, to any officer or agent he may appoint;

(5) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in sections 207 (a) or 207 (b) of this title;

(6) make such rules and regulations as he deems necessary to carry out the authority vested in him by or pursuant to this title; and

(7) In addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, servicing, compromising, modifying, liquidating, or otherwise dealing with or realizing on loans made under the provisions of this title: *Provided*, That no attorneys' services shall be procured by contract in any office where an attorney or attorneys are or can be economically employed full time to render such services.

strued to prevent the Administrator from delegating such power by order or by power of attorney, in his discretion, to any officer or agent he may appoint;

(5) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in sections 7 (a) and 7 (b);

(6) make such rules and regulations as he deems necessary to carry out the authority vested in him by or pursuant to this Act;

(7) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, servicing, compromising, modifying, liquidating, or otherwise dealing with or realizing on loans made under the provisions of this Act; but no attorneys' services shall be procured by contract in any office where an attorney or attorneys are or can be economically employed full time to render such services;

(8) pay the transportation expenses and per diem in lieu of subsistence expenses, in accordance with the Travel Expense Act of 1949, for travel of any person employed by the Administration to render temporary services not in excess of six months in connection with any disaster referred to in section 7 (b) from place of appointment to, and while at, the disaster area and any other temporary posts of duty and return upon completion of the assignment; and

(9) accept the services and facilities of Federal, State, and local agencies and groups, both public and private, and utilize such gratuitous services and facilities as may, from time to time, be necessary to further the objectives of section 7 (b).

(c) To such extent as he finds necessary to carry out the provisions of this title, the Administrator is hereby authorized to procure the temporary (not in excess of six months) service of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such service shall be without regard to the civil-service and classification laws, and, except in the case of stenographic reporting services by organizations, without regard to section 3709, Revised Statutes, as amended (41 U. S. C. 5). Any individual so employed may be compensated at a rate not in excess of \$50 per diem, and, while such individual is away from his home or regular place of business, he may be allowed transportation and not to exceed \$15 per diem in lieu of subsistence and other expenses.

(c) To such extent as he finds necessary to carry out the provisions of this Act, the Administrator is authorized to procure the temporary (not in excess of one year) or intermittent services of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such services shall be without regard to the civil-service and classification laws and, except in the case of stenographic reporting services by organizations, without regard to section 3709 of the Revised Statutes, as amended (41 U. S. C., sec. 5). Any individual so employed may be compensated at a rate not in excess of \$50 per diem, and, while such individual is away from his home or regular place of business, he may be allowed transportation and not to exceed \$15 per diem in lieu of subsistence and other expenses.

(d) To the extent he finds it will contribute to the more effective functioning of the Administration, the Administrator is authorized to conduct or provide training and to assign employees for training or attendance at meetings at Federal or non-Federal facilities, including public or private agencies, institutions of learning, laboratories, industrial or commercial organizations or other appropriate organizations or institutions, foreign or domestic, and, if he deems it appropriate, to pay in whole or in part, the following: The salaries of such employees for the period of training or attendance; the cost of their transportation and per diem

in lieu of subsistence in accordance with the Travel Expense Act of 1949, as amended; necessary expenses incident to their training including tuition, study materials, and other customary expenses. Appropriations or other funds available to the Administration for salaries and for expenses shall be available for the purpose of this subsection.

SEC. 206. (a) All moneys of the Administration not otherwise employed may be deposited with the Treasurer of the United States subject to check by authority of the Administration. The Federal Reserve banks are authorized and directed to act as depositories, custodians, and fiscal agents for the Administration in the general performance of its powers conferred by this title. Any banks insured by the Federal Deposit Insurance Corporation, when designated by the Secretary of the Treasury, shall act as custodians, and financial agents for the Administration. Each Federal Reserve bank, when designated by the Administrator as fiscal agent for the Administration, shall be entitled to be reimbursed for all expenses incurred as such fiscal agent.

(b) The Administrator shall contribute to the civil-service retirement and disability fund, on the basis of annual billings as determined by the Civil Service Commission, for the Government's share of the cost of the civil-service retirement system applicable to the employees engaged in carrying out the functions financed by the revolving fund established by section 204 (b) of this Act. The Administrator shall also contribute to the employees' compensation fund, on the basis of annual billings as determined by the Secretary of Labor, for the benefit payments made from such fund on account of employees engaged in carrying out the functions fi-

SEC. 6. (a) All moneys of the Administration not otherwise employed may be deposited with the Treasurer of the United States subject to check by authority of the Administration. The Federal Reserve banks are authorized and directed to act as depositories, custodians, and fiscal agents for the Administration in the general performance of its powers conferred by this Act. Any banks insured by the Federal Deposit Insurance Corporation, when designated by the Secretary of the Treasury, shall act as custodians and financial agents for the Administration. Each Federal Reserve bank, when designated by the Administrator as fiscal agent for the Administration, shall be entitled to be reimbursed for all expenses incurred as such fiscal agent.

(b) The Administrator shall contribute to the employees' compensation fund, on the basis of annual billings as determined by the Secretary of Labor, for the benefit payments made from such fund on account of employees engaged in carrying out functions financed by the revolving fund established by section 4 (c) of this Act. The annual billings shall also include statement of the fair portion of the cost of the administration of such fund, which shall be paid by the Administrator into the Treasury as miscellaneous receipts.

nanced by such revolving fund. The annual billings shall also include a statement of the fair portion of the cost of the administration of the respective funds, which shall be paid by the Administrator into the Treasury as miscellaneous receipts.

SEC. 207. (a) The Administration is empowered to make loans to enable small-business concerns to finance plant construction, conversion, or expansion, including the acquisition of land; or to finance the acquisition of equipment, facilities, machinery, supplies, or materials; or to supply such concerns with working capital to be used in the manufacture of articles, equipment, supplies, or materials for war, defense, or essential civilian production or as may be necessary to insure a well-balanced national economy; and such loans may be made or effected either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis: *Provided, however,* That the foregoing powers shall be subject to the following restrictions and limitations:

(1) No financial assistance shall be extended pursuant to (a) above unless the financial assistance applied for is not otherwise available on reasonable terms and all loans made shall be of such sound value or so secured as reasonably to assure repayment; no immediate participation may be purchased unless it is shown that a deferred participation is not available; and no loan may be made unless it is shown that a participation is not available.

(2) No loan shall be extended pursuant to (a) above if the total amount outstanding and

SEC. 7. (a) The Administration is empowered to make loans to enable small-business concerns to finance plant construction, conversion, or expansion, including the acquisition of land; or to finance the acquisition of equipment, facilities, machinery, supplies, or materials; or to supply such concerns with working capital to be used in the manufacture of articles, equipment, supplies, or materials for war, defense, or civilian production or as may be necessary to insure a well-balanced national economy; and such loans may be made or effected either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis. The foregoing powers shall be subject, however, to the following restrictions and limitations:

(1) No financial assistance shall be extended pursuant to this subsection unless the financial assistance applied for is not otherwise available on reasonable terms.

(2) No immediate participation may be purchased unless it is shown that a deferred participation is not available; and no loan may be made unless it is shown that a participation is not available.

* * * * *

(7) All loans made under this subsection shall be of such sound value or so secured as reasonably to assure repayment.

(4) Except as provided in paragraph (5), (A) no loan under this subsection shall be made if

committed (by participation or otherwise) to the borrower from the revolving fund established by this title would exceed \$250,000, and no loan, including renewals or extensions thereof, may be made for a period or periods exceeding ten years, except that any loan made for the purpose of constructing industrial facilities may have a maturity of ten years plus such additional period as is estimated may be required to complete such construction, and any such loan shall bear interest at the rate prevailing in the area where the money loaned is to be used but shall not exceed 6 per centum per annum:

Provided, That the foregoing limitation of \$250,000 shall not apply to any loan extended to any corporation formed and capitalized by a group of small business concerns with resources provided by them for the purpose of establishing facilities in and through such corporation to produce or secure raw materials or supplies: *Provided further*, That for any such corporation the limit of any loan extended or made as provided for in this section shall be \$250,000 multiplied by the number of separate small businesses which have formed and capitalized a corporation as hereinbefore provided for in this section, and if a loan to such corporation is for the purpose of constructing facilities, then the loan may have a maturity not to exceed twenty years plus such additional time as is required to complete such construction and at an interest rate of not less than 3 nor more than 5 per centum per annum:

the total amount outstanding and committed (by participation or otherwise) to the borrower from the revolving fund established by this Act would exceed \$350,000; (B) the rate of interest for the Administration's share of any such loan shall be no more than 6 per centum per annum; and (C) no such loan, including renewals or extensions thereof, may be made for a period or periods exceeding ten years except that a loan made for the purpose of constructing facilities may have a maturity of ten years plus such additional period as is estimated may be required to complete such construction.

(5) In the case of any loan made under this subsection to a corporation formed and capitalized by a group of small-business concerns with resources provided by them for the purpose of obtaining for the use of such concerns raw materials, equipment, inventories, or supplies, or for establishing facilities for such purpose, (A) the limitation of \$350,000 prescribed in paragraph (4) shall not apply, but the limit of such loan shall be \$250,000 multiplied by the number of separate small businesses which formed and capitalized such corporation; (B) the rate of interest for the Administration's share of such loan shall be no less than 3 nor more than 5 per centum per annum; and (C) such loan, including renewals and extensions thereof, may not be made for a period or periods exceeding ten years except that if such loan is made for the purpose of constructing facilities it may have a maturity of twenty years plus such additional time as is required to complete such construction.

And provided further, That no act or omission to act pursuant to this section, if found and approved by the Small Business Administration as contributing to the needs of small business, shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of the statement of any such finding and approval intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register. The authority granted in the last preceding proviso shall be delegated only (1) to an official who shall for the purpose of such delegation be appointed by the President by and with the advice and consent of the Senate, unless otherwise required to be appointed, (2) upon the condition that such official consult with the Attorney General and with the Chairman of the Federal Trade Commission not less than ten days before making and stating any such finding and approval as is authorized in this subsection (a), and (3) upon the condition that such official obtain a statement in writing from the Attorney General that he, mindful of the antitrust laws and the public interest, concurs in the finding and approval made and granted by the Small Business Administration. Upon withdrawal of any finding or approval made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or approval.

(6) The Administrator is authorized to consult with representatives of small-business concerns with a view to encouraging the formation by such concerns of the corporation referred to in paragraph (5). No act or omission to act, if requested by the Administrator pursuant to this paragraph, and if found and approved by the Administration as contributing to the needs of small business, shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of the statement of any such finding and approval intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register. The authority granted in this paragraph shall be exercised only (A) by the Administrator, (B) upon the condition that the Administrator consult with the Attorney General and with the Chairman of the Federal Trade Commission, and (C) upon the condition that the Administrator obtain the approval of the Attorney General before exercising such authority. Upon withdrawal of any request or finding hereunder or upon withdrawal by the Attorney General of his approval granted under the preceding sentence, the provisions of this paragraph shall not apply to any subsequent act or omission to act by reason of such finding or request.

The Attorney General is directed to make, or request the Federal Trade Commission to make for him, surveys for the purpose of determining any factors which may tend to eliminate competition, create or strengthen monopolies, injure small business, or otherwise promote undue concentration of economic power in the course of the administration of this Act. The Attorney General shall submit to the Congress and the President within ninety days after approval of this Act, and at such times thereafter as he deems desirable, reports setting forth the results of such surveys and including such recommendations as he may deem desirable.

(3) In agreements to participate in loans on a deferred basis under this subsection or under subsection (b) (1) of this section, such participation by the Administration shall not be in excess of 90 per centum of the balance of the loan outstanding at the time of disbursement.

(b) The Administration also is empowered—

(1) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate because of floods or other catastrophes, including necessary or appropriate loans to any small-business concern located in an area affected by a drought or excessive rainfall, if the Admin-

SEC. 10. (c) The Attorney General is directed to make, or request the Federal Trade Commission to make for him, surveys for the purpose of determining any factors which may tend to eliminate competition, create or strengthen monopolies, injure small business, or otherwise promote undue concentration of economic power in the course of the administration of this Act. The Attorney General shall submit to the Congress and the President, at such times as he deems desirable, reports setting forth the results of such surveys and including such recommendations as he may deem desirable.

SEC. 7. (a) * * *

(3) In agreements to participate in loans on a deferred basis under this subsection, such participation by the Administration shall not be in excess of 90 per centum of the balance of the loan outstanding at the time of disbursement.

(b) * * * In agreements to participate in loans on a deferred basis under this subsection, such participation by the Administration shall not be in excess of 90 per centum of the balance of the loan outstanding at the time of disbursement.

(b) The Administration also is empowered—

(1) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate because of floods or other catastrophes; and

(2) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to par-

istration determines that the small-business concern has suffered a substantial economic injury as a result of such drought or excessive rainfall, and the President has determined under the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes", approved September 30, 1950, as amended (42 U. S. C., secs. 1855-1855g), that such drought or excessive rainfall is a major disaster, or the Secretary of Agriculture has found under the Act entitled "An Act to abolish the Regional Agricultural Credit Corporation of Washington, District of Columbia, and transfer its functions to the Secretary of Agriculture, to authorize the Secretary of Agriculture to make disaster loans, and for other purposes", approved April 6, 1949, as amended (12 U. S. C., secs. 1148a-1-1148a-3), that such drought or excessive rainfall constitutes a production or economic disaster in such area:

Provided, That no such loan including renewals and extensions thereof may be made for a period or periods exceeding twenty years: *And provided further*, That the interest rate on the Administration's share of loans made under this paragraph shall not exceed 3 per centum per annum;

ticipate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate to any small-business concern located in an area affected by a drought, or excessive rainfall, if the Administration determines that the small-business concern has suffered a substantial economic injury as a result of such drought or excessive rainfall, and the President has determined under the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes", approved September 30, 1950, as amended (42 U. S. C., secs. 1855-1855g), that such drought or excessive rainfall is a major disaster, or the Secretary of Agriculture has found under the Act entitled "An Act to abolish the Regional Agricultural Credit Corporation of Washington, District of Columbia, and transfer its functions to the Secretary of Agriculture, to authorize the Secretary of Agriculture to make disaster loans, and for other purposes", approved April 6, 1949, as amended (12 U. S. C., secs. 1148a-1-1148a-3), that such drought or excessive rainfall constitutes a production or economic disaster in such area.

No loan under this subsection, including renewals and extensions thereof, may be made for a period or periods exceeding twenty years. The interest rate on the Administration's share of any loan made under this subsection shall not exceed 3 per centum per annum. * * *

SEC. 8. (a) It shall be the duty of the Administration and it is hereby empowered, whenever it determines such action is necessary—

(2) to enter into contracts with United States Government and any department, agency, or officer thereof having procurement powers obligating the Administration to furnish articles, equipment, supplies, or materials to the Government;

(3) to arrange for the performance of such contracts by negotiating or otherwise letting subcontracts to small-business concerns or others for the manufacture, supply, or assembly of such articles, equipment, supplies, or materials, or parts thereof, or servicing or processing in connection therewith, or such management services as may be necessary to enable the Administration to perform such contracts;

(4) to provide technical and managerial aids to small-business concerns, by advising and counseling on matters in connection with Government procurement and on policies, principles, and practices of good management, including but not limited to cost accounting, methods of financing, business insurance, accident control, wage incentives and methods engineering, by cooperating and advising with voluntary business, professional, educational, and other nonprofit organizations, associations, and institutions and with other Federal and State agencies, by maintaining a clearinghouse for information concerning the managing, financing, and operation of small-business enterprises, by disseminating such information, and by such other activities as

(1) to enter into contracts with the United States Government and any department, agency, or officer thereof having procurement powers obligating the Administration to furnish articles, equipment, supplies, or materials to the Government.
* * *

(2) to arrange for the performance of such contracts by negotiating or otherwise letting subcontracts to small-business concerns or others for the manufacture, supply, or assembly of such articles, equipment, supplies, or materials, or parts thereof, or servicing or processing in connection therewith, or such management services as may be necessary to enable the Administration to perform such contracts.

(b) It shall also be the duty of the Administration and it is hereby empowered, whenever it determines such action is necessary—

(1) to provide technical and managerial aids to small-business concerns, by advising and counseling on matters in connection with Government procurement and on policies, principles, and practice of good management, including but not limited to cost accounting, methods of financing, business insurance, accident control, wage incentives, and methods engineering, by cooperating and advising with voluntary business, professional, educational, and other nonprofit organizations, associations, and institutions and with other Federal and State agencies, by maintaining a clearinghouse for information concerning the managing, financing, and operation of small-business enterprises, by disseminating such information, and by such other activities as

are deemed appropriate by the Administration; and

(5) to further extend the maturity of or renew any loan made pursuant to this section, beyond the periods stated therein, or any loan transferred to the Administration pursuant to Reorganization Plan Numbered 2 of 1954, for additional periods not to exceed ten years, if such extension or renewal will aid in the orderly liquidation of such loan.

SEC. 208. In any case in which the Administration certifies to any officer of the Government having procurement powers that the Administration is competent to perform any specific Government procurement contract to be let by any such officer, such officer shall be authorized in his discretion to let such procurement contract to the Administration upon such terms and conditions as may be agreed upon between the Administration and the procurement officer.

SEC. 209. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Administration, or for the purpose of obtaining money, property, or anything of value, under this title, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than two years, or both.

(b) Whoever, being connected in any capacity with the Administration (A) embezzles, abstracts,

are deemed appropriate by the Administration;

SEC. 7. (c) The Administration may further extend the maturity of or renew any loan made pursuant to this section, or any loan transferred to the Administration pursuant to Reorganization Plan Numbered 2 of 1954, for additional periods not to exceed ten years beyond the period stated therein, if such extension or renewal will aid in the orderly liquidation of such loan.

SEC. 8. (a) * * *

(1) * * * In any case in which the Administration certifies to any officer of the Government having procurement powers that the Administration is competent to perform any specific Government procurement contract to be let by any such officer, such officer shall be authorized in his discretion to let such procurement contract to the Administration upon such terms and conditions as may be agreed upon between the Administration and the procurement officer; and

* * * * *

SEC. 16. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Administration, or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than two years, or both.

(b) Whoever, being connected in any capacity with the Administration, (1) embezzles, abstracts,

purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it, or (B) with intent to defraud the Administration or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Administration makes any false entry in any book, report, or statement of or to the Administration, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (C) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Administration, or (D) gives any unauthorized information concerning any future action or plan of the Administration which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Administration shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

SEC. 210. It shall be the duty of the Administration and it is hereby empowered, whenever it determines such action is necessary—

(a) to make a complete inventory of all productive facilities of small-business concerns which can be used for war or defense production, or to arrange for such inventory to be made by any other governmental agency which has the facilities. In making any such inventory, the appropriate agencies in the several States may be requested to

purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it, or (2) with intent to defraud the Administration or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Administration, makes any false entry in any book, report, or statement of or to the Administration, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (3) with intent to defraud participates or shares in or receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Administration, or (4) gives any unauthorized information concerning any future action or plan of the Administration which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Administration, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

SEC. 8. (b) * * *

(2) to make a complete inventory of all productive facilities of small-business concerns or to arrange for such inventory to be made by any other governmental agency which has the facilities. In making any such inventory, the appropriate agencies in the several States may be requested to furnish an inventory of the productive facilities

furnish an inventory of the productive facilities of small-business concerns in each respective State if such an inventory is available or in prospect; and

(b) to coordinate and to ascertain the means by which the productive capacity of small-business concerns can be most effectively utilized for war or defense production.

SEC. 211. When directed by the President, it shall be the duty of the Administration to consult and cooperate with governmental departments and agencies in the issuance of all orders or in the formulation of policy or policies in any way affecting small-business concerns. When directed by the President all such governmental departments or agencies are required, before issuing such orders or announcing such policy or policies, to consult and cooperate with the Administration in order that the interests of small-business enterprises may be recognized, protected, and preserved:

of small-business concerns in each respective State if such an inventory is available or in prospect;

(3) to coordinate and to ascertain the means by which the productive capacity of small-business concerns can be most effectively utilized;

* * * * *

SEC. 10. (f) To the extent deemed necessary by the Administrator to protect and preserve small-business interests, the Administration shall consult and cooperate with other departments and agencies of the Federal Government in the formulation by the Administration of policies affecting small-business concerns. When requested by the Administrator, each department and agency of the Federal Government shall consult and cooperate with the Administration in the formulation by such department or agency of policies affecting small-business concerns, in order to insure that small-business interests will be recognized, protected, and preserved. This subsection shall not require any department or agency to consult or cooperate with the Administration in any case where the head of such department or agency determines that such consultation or cooperation would unduly delay action which must be taken by such department or agency to protect the national interest in an emergency.

Provided further, That, for the purposes of aiding in carrying out the national policy to insure that a fair proportion of the total purchases and contracts for supplies and services for the Government be placed with small-business enterprises, and to maintain and strengthen the overall economy of the Nation, the Department of

(d) For the purpose of aiding in carrying out the national policy to insure that a fair proportion of the total purchases and contracts for property and services for the Government be placed with small-business enterprises, and to maintain and strengthen the overall economy of the Nation, the Department of Defense shall make a

Defense shall make a monthly report to the President, the President of the Senate, and the Speaker of the House of Representatives not less than forty-five days after the close of the month, showing the amount of funds appropriated to the Department of Defense which have been expended, obligated, or contracted to be spent with small-business concerns and the amount of such funds expended, obligated, or contracted to be spent with firms other than small business in the same fields of operation; and such monthly reports shall show separately the funds expended, obligated, or contracted to be spent for basic and applied scientific research and development.

SEC. 212. The Administration shall have power, and it is hereby directed, whenever it determines such action is necessary—

(a) to consult and cooperate with officers of the Government having procurement powers, in order to utilize the potential productive capacity of plants operated by small-business concerns;

(b) to obtain information as to methods and practices which Government prime contractors utilize in letting subcontracts and to take action to encourage the letting of subcontracts by prime contractors to small-business concerns at prices and on conditions and terms which are fair and equitable;

(c) to determine within any industry the concerns, firms, persons, corporations, partnerships, cooperatives, or other business enterprises, which are to be designated "small-business concerns" for the purpose of effectuating the provisions of this title and to carry out this purpose the Administrator, when requested to do so, shall issue in response to each such request an appropriate certifi-

monthly report to the President, the President of the Senate, and the Speaker of the House of Representatives not less than forty-five days after the close of the month, showing the amount of funds appropriated to the Department of Defense which have been expended, obligated, or contracted to be spent with small-business concerns and the amount of such funds expended, obligated, or contracted to be spent with firms other than small business in the same fields of operation; and such monthly reports shall show separately the funds expended, obligated, or contracted to be spent for basic and applied scientific research and development.

SEC. 8. (b) * * *

(4) to consult and cooperate with officers of the Government having procurement powers, in order to utilize the potential productive capacity of plants operated by small-business concerns;

(5) to obtain information as to methods and practices which Government prime contractors utilize in letting subcontracts and to take action to encourage the letting of subcontracts by prime contractors to small-business concerns at prices and on conditions and terms which are fair and equitable;

(6) to determine within any industry the concerns, firms, persons, corporations, partnerships, cooperatives, or other business enterprises which are to be designated "small-business concerns" for the purpose of effectuating the provisions of this Act. To carry out this purpose the Administrator, when requested to do so, shall issue in response to each such request an appropriate certifi-

cate certifying an individual concern as a "small-business concern" in accordance with the criteria expressed in this Act. Any such certificate shall be subject to revocation when the concern covered thereby ceases to be a "small-business concern";

(d) to certify to Government procurement officers with respect to the competency, as to capacity and credit, of any small business concern or group of such concerns to perform a specific Government procurement contract;

(e) to obtain from any Federal department, establishment, or agency engaged in procurement or in the financing of procurement or production such reports concerning the letting of contracts, and subcontracts and making of loans to business concerns as it may deem pertinent in carrying out its functions under this title;

(f) to obtain from suppliers of materials information pertaining to the method of filling orders and the bases for allocating their supply, whenever it appears that any small business is unable to obtain materials from its normal sources for war or defense production;

(g) to make studies and recommendations to the appropriate Federal agencies to insure that a fair proportion of the total purchases and contracts for supplies and services for the Government be placed with small-business enterprises, to insure that a fair proportion of Government contracts for research and development be placed with small-business concerns, and to insure a fair and equitable share of materials, supplies, and equipment to small-business concerns to effectuate war or defense programs;

cate certifying an individual concern as a "small-business concern" in accordance with the criteria expressed in this Act. Any such certificate shall be subject to revocation when the concern covered thereby ceases to be a "small-business concern". * * *

(7) to certify to Government procurement officers with respect to the competency, as to capacity and credit, of any small-business concern or group of such concerns to perform a specific Government procurement contract. * * *

(8) to obtain from any Federal department, establishment, or agency engaged in procurement or in the financing of procurement or production such reports concerning the letting of contracts and subcontracts and the making of loans to business concerns as it may deem pertinent in carrying out its functions under this Act;

(9) to obtain from suppliers of materials information pertaining to the method of filling orders and the bases for allocating their supply, whenever it appears that any small business is unable to obtain materials from its normal sources;

(10) to make studies and recommendations to the appropriate Federal agencies to insure that a fair proportion of the total purchases and contracts for property and services for the Government be placed with small-business enterprises, to insure that a fair proportion of Government contracts for research and development be placed with small-business concerns, and to insure a fair and equitable share of materials, supplies, and equipment to small-business concerns;

(h) to consult and cooperate with all Government agencies for the purpose of insuring that small-business concerns shall receive fair and reasonable treatment from said agencies; and

(i) to establish such advisory boards and committees wholly representative of small business as may be found necessary to achieve the purposes of this title.

(11) to consult and cooperate with all Government agencies for the purpose of insuring that small-business concerns shall receive fair and reasonable treatment from such agencies; and

(12) to establish such small business advisory boards and committees truly representative of small business as may be necessary to achieve the purposes of this Act.

(c) The Administration shall from time to time make studies of matters materially affecting the competitive strength of small business, and of the effect on small business of Federal laws, programs, and regulations, and shall make recommendations to the appropriate Federal agency or agencies for the adjustment of such programs and regulations to the needs of small business.

(b) * * *

SEC. 213. (a) In any case in which a small-business concern or group of such concerns has been certified by or under the authority of the Administration to be a competent Government contractor with respect to capacity and credit as to a specific Government procurement contract, the officers of the Government having procurement powers are directed to accept such certification as conclusive, and are authorized to let such Government procurement contract to such concern or group of concerns without requiring it to meet any other requirement with respect to capacity and credit.

(b) Offices of the Government having procurement or lending powers, or engaging in the disposal of Federal property or allocating materials or supplies, or promulgating regulations affecting the distribution of materials or supplies shall accept as conclusive the Administration's determina-

(7) * * * In any case in which a small-business concern or group of such concerns has been certified by or under the authority of the Administration to be a competent Government contractor with respect to capacity and credit as to a specific Government procurement contract, the officers of the Government having procurement powers are directed to accept such certification as conclusive, and are authorized to let such Government procurement contract to such concern or group of concerns without requiring it to meet any other requirement with respect to capacity and credit;

(6) * * * Offices of the Government having procurement or lending powers, or engaging in the disposal of Federal property or allocating materials or supplies, or promulgating regulations affecting the distribution of materials or supplies, shall accept as conclusive the Admin-

tion as to which enterprises are to be designated "small-business concerns", as authorized and directed under section 212 (c) of this title.

SEC. 214. To effectuate the purposes of this title, small-business concerns within the meaning of this title shall receive any award or contract or any part thereof as to which it is determined by the Administration and the contracting procurement agency (A) to be in the interest of maintaining or mobilizing the Nation's full productive capacity, or (B) to be in the interest of war or national defense programs.

istration's determination as to which enterprises are to be designated "small-business concerns", as authorized and directed under this paragraph;

SEC. 15. To effectuate the purposes of this Act, small-business concerns within the meaning of this Act shall receive any award or contract or any part thereof as to which it is determined by the Administration and the contracting procurement agency (1) to be in the interest of maintaining or mobilizing the Nation's full productive capacity, (2) to be in the interest of war or national defense programs, or (3) to be in the interest of assuring that a fair proportion of the total purchases and contracts for property and services for the Government are placed with small-business concerns. These determinations may be made for individual awards or contracts or for classes of awards or contracts. Whenever the Administration and the contracting procurement agency fail to agree, the matter shall be submitted for determination to the Secretary or the head of the appropriate department or agency by the Administrator.

SEC. 9. (a) Research and development are major factors in the growth and progress of industry and the national economy. The expense of carrying on research and development programs is beyond the means of many small-business concerns, and such concerns are handicapped in obtaining the benefits of research and development programs conducted at Government expense. These small-business concerns are thereby placed at a competitive disadvantage. This weakens the competitive free enterprise system and prevents the orderly development of the national economy. It is the policy of the Congress that assistance be given to small-

business concerns to enable them to undertake and to obtain the benefits of research and development in order to maintain and strengthen the competitive free enterprise system and the national economy.

(b) It shall be the duty of the Administration, and it is hereby empowered—

(1) to assist small-business concerns to obtain Government contracts for research and development; and

(2) to assist small-business concerns to obtain the benefits of research and development performed under Government contracts or at Government expense.

(c) The Administration is authorized to consult and cooperate with all Government agencies and to make studies and recommendations to such agencies, and such agencies are authorized and directed to cooperate with the Administration in order to carry out and to accomplish the purposes of this section.

(d) (1) The Administrator is authorized to consult with representatives of small-business concerns with a view to assisting and encouraging such firms to undertake joint programs for research and development carried out through such corporate or other mechanism as may be most appropriate for the purpose.

(2) The Administrator may, after consultation with the Attorney General and the Chairman of the Federal Trade Commission, and with the prior written approval of the Attorney General, approve any agreement between small-business firms providing for a joint program of research and development, if the Administrator finds that the joint program proposed will maintain and strengthen the free enterprise system and the economy of the nation. The

Administrator or the Attorney General may at any time withdraw his approval of the agreement and the joint program of research and development covered thereby, if he finds that the agreement or the joint program carried on under it is no longer in the best interests of the competitive free enterprise system and the economy of the nation. A copy of the statement of any such finding and approval intended to be within the coverage of this subsection, and a copy of any modification or withdrawal of approval, shall be published in the Federal Register. The authority conferred by this subsection on the Administrator shall not be delegated by him.

(3) No act or omission to act pursuant to and within the scope of any joint program for research and development, under an agreement approved by the Administrator under this subsection, shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act. Upon publication in the Federal Register of the notice of withdrawal of his approval of the agreement granted under this subsection, either by the Administrator or by the Attorney General, the provisions of this subsection shall not apply to any subsequent act or omission to act by reason of such agreement or approval.

SEC. 215. The Administration shall make a report every six months of operations under this title to the President, the President of the Senate, and the Speaker of the House of Representatives. Such report shall include the names of the business concerns to whom contracts are let and for whom financing is arranged by the Administration, together with the amounts involved, and such report shall include such other information and

SEC. 10. (a) The Administration shall make a report every six months of operations under this Act to the President, the President of the Senate, and the Speaker of the House of Representatives. Such report shall include the names of the business concerns to whom contracts are let and for whom financing is arranged by the Administration, together with the amounts involved, and such report shall include such other information and such comments and

such comments and recommendations as the Administration may deem appropriate.

The Administration shall make a report to the President, the President of the Senate, and the Speaker of the House of Representatives, to the Senate Select Committee on Small Business and to the House Select Committee To Conduct a Study and Investigation of the Problems of Small Business on December 31, 1955, and at the end of each six months thereafter, showing as accurately as possible for each such period the amount of funds appropriated to it that it has expended in the conduct of each of its principal activities such as lending, procurement, contracting, and providing technical and managerial aids.

The Administration shall retain all correspondence, records of inquiries, memoranda, reports, books, and records, including memoranda as to all investigations conducted by or for the Administration, for a period of at least one year from the date of each thereof, and shall at all times keep the same available for inspection and examination by the Senate Select Committee on Small Business, and the House Select Committee To Conduct a Study and Investigation of the Problems of Small Business, or their duly authorized representatives.

SEC. 216. The Administration is hereby empowered to make studies of the effect of price, credit, and other controls imposed under war or defense programs and wherever it finds these controls discriminate against or impose undue hardship upon small business, to make recommendations to the appropriate Federal agency for the adjustment of controls to the needs of small business.

recommendations as the Administration may deem appropriate.

(b) The Administration shall make a report to the President, the President of the Senate, and the Speaker of the House of Representatives, to the Senate Select Committee on Small Business, and to the House Select Committee To Conduct a Study and Investigation of the Problems of Small Business, on June 30 and December 31 of each year, showing as accurately as possible for each such period the amount of funds appropriated to it that it has expended in the conduct of each of its principal activities such as lending, procurement, contracting, and providing technical and managerial aids.

* * * *

(e) The Administration shall retain all correspondence, records of inquiries, memoranda, reports, books, and records, including memoranda as to all investigations conducted by or for the Administration, for a period of at least one year from the date of each thereof, and shall at all times keep the same available for inspection and examination by the Senate Select Committee on Small Business and the House Select Committee To Conduct a Study and Investigation of the Problems of Small Business, or their duly authorized representatives.

SEC. 217. (a) The President is authorized to consult with representatives of small-business concerns with a view to encouraging the making by such persons with the approval of the President of voluntary agreements and programs to further the objectives of this title.

(b) No act or omission to act pursuant to this title which occurs while this title is in effect, if requested by the President pursuant to a voluntary agreement or program approved under subsection (a) of this section and found by the President to be in the public interest as contributing to the national defense, shall be construed to be within the prohibition of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

(c) The authority granted in subsection (b) of this section shall be delegated only (1) to an official who shall for the purpose of such delegation be required to be appointed by the President by and with the advice and consent of the Senate, and (2) upon the condition that such official consult with the Attorney General and with the Chairman of the Federal Trade Commission not less than ten days before making any request or finding thereunder, and (3) upon the condition that such official obtain the approval of the Attorney General to any request thereunder before making the request.

SEC. 11. (a) The President is authorized to consult with representatives of small-business concerns with a view to encouraging the making by such persons with the approval of the President of voluntary agreements and programs to further the objectives of this Act.

(b) No act or omission to act pursuant to this Act which occurs while this Act is in effect, if requested by the President pursuant to a voluntary agreement or program approved under subsection (a) of this section and found by the President to be in the public interest as contributing to the national defense, shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

(c) The authority granted in subsection (b) of this section shall be delegated only (1) to an official who shall for the purpose of such delegation be required to be appointed by the President by and with the advice and consent of the Senate, (2) upon the condition that such official consult with the Attorney General and the Chairman of the Federal Trade Commission not less than ten days before making any request or finding thereunder, and (3) upon the condition that such official obtain the approval of the Attorney General to any request thereunder before making the request.

(d) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.

SEC. 218. The President may transfer to the Administration any functions, powers, and duties of any department or agency which relate primarily to small-business problems. In connection with any such transfer, the President may provide for appropriate transfers of records, property, necessary personnel, and unexpended balances of appropriations and other funds available to the department or agency from which the transfer is made.

SEC. 219. No loan shall be made or equipment, facilities, or services furnished by the Administration under this title to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Administration the names of any attorneys, agents or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Administration for assistance of any sort, and the fees paid or to be paid to any such persons; (2) execute an agreement binding any such business enterprise for a period of two years after any assistance is rendered by the Administration to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent, or employee of the Admin-

(d) Upon withdrawal of any request or finding hereunder, or upon withdrawal by the Attorney General of his approval of the voluntary agreement or program on which the request or finding is based, the provisions of this section shall not apply to any subsequent act, or omission to act, by reason of such finding or request.

SEC. 12. The President may transfer to the Administration any functions, powers, and duties of any department or agency which relate primarily to small-business problems. In connection with any such transfer, the President may provide for appropriate transfers of records, property, necessary personnel, and unexpended balances of appropriations and other funds available to the department or agency from which the transfer is made.

SEC. 13. No loan shall be made or equipment, facilities, or services furnished by the Administration under this Act to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Administration the names of any attorneys, agents, or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Administration for assistance of any sort, and the fees paid or to be paid to any such persons; (2) execute an agreement binding any such business enterprise for a period of two years after any assistance is rendered by the Administration to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent, or employee of

istration occupying a position or engaging in activities which the Administration shall have determined involve discretion with respect to the granting of assistance under this title; and (3) furnish the names of lending institutions to which such business enterprise has applied for loans together with dates, amounts, terms, and proof of refusal.

SEC. 220. To the fullest extent the Administration deems practicable, it shall make a fair charge for the use of Government-owned property and make and let contracts on a basis that will result in a recovery of the direct costs incurred by the Administration.

SEC. 221. (a) This title and all authority conferred thereunder shall terminate at the close of July 31, 1958, but the President may continue the Administration for purposes of liquidation for not to exceed six months after such termination.

(b) The termination of this title shall not affect the disbursement of funds under, or the carrying out of, any contract, commitment, or other obligation entered into pursuant to this title prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States.

SEC. 222. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this Act.

SEC. 223. If any provision of this Act, or the application thereof to any person or circumstances, is held invalid, the remainder of this Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

SEC. 224. All laws and parts of laws inconsistent with this Act

the Administration occupying a position or engaging in activities which the Administration shall have determined involve discretion with respect to the granting of assistance under this Act; and (3) furnish the names of lending institutions to which such business enterprise has applied for loans together with dates, amounts, terms, and proof of refusal.

SEC. 14. To the fullest extent the Administration deems practicable, it shall make a fair charge for the use of Government-owned property and make and let contracts on a basis that will result in a recovery of the direct costs incurred by the Administration.

* * * * *

SEC. 22. (a) This Act and all authority conferred thereunder shall terminate at the close of July 31, 1961, but the President may continue the Administration for purposes of liquidation for not to exceed six months after such termination.

(b) The termination of this Act shall not affect the disbursement of funds under, or the carrying out of, any contract, commitment, or other obligation entered into pursuant to this Act prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States.

SEC. 20. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this Act.

SEC. 19. If any provision of this Act, or the application thereof to any person or circumstances, is held invalid, the remainder of this Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

SEC. 21. All laws and parts of laws inconsistent with this Act

are hereby repealed to the extent of such inconsistency.

SEC. 225. The Administration shall not duplicate the work or activity of any other department or agency of the Federal Government and nothing contained in this Act shall be construed to authorize any such duplication unless such work or activity is expressly provided for in this Act.

are hereby repealed to the extent of such inconsistency.

SEC. 18. The Administration shall not duplicate the work or activity of any other department or agency of the Federal Government and nothing contained in this Act shall be construed to authorize any such duplication unless such work or activity is expressly provided for in this Act.

SEC. 17. Any interest held by the Administration in property, as security for a loan, shall be subordinate to any lien on such property for taxes due on the property to a State, or political subdivision thereof, in any case where such lien would, under applicable State law, be superior to such interest if such interest were held by any party other than the United States.

FOURTH PARAGRAPH OF SECTION 24
OF THE FEDERAL RESERVE ACT
(EXISTING LAW)

Loans made to establish industrial or commercial businesses (a) which are in whole or in part discounted or purchased or loaned against as security by a Federal Reserve bank under the provisions of section 13b of this Act, (b) for any part of which a commitment shall have been made by a Federal Reserve bank under the provisions of said section, (c) in the making of which a Federal Reserve bank participates under the provisions of said section, or (d) in which the Reconstruction Finance Corporation or the Housing and Home Finance Administration or the Small Business Administration cooperates or purchases a participation under the provisions of the Reconstruction Finance Corporation Act, as amended, or of section 102 or 102a of the Housing Act of 1948, as amended, or of the Small

FOURTH PARAGRAPH OF SECTION 24
OF THE FEDERAL RESERVE ACT,
AS AMENDED BY H. R. 7963

Loans made to establish industrial or commercial businesses (a) which are in whole or in part discounted or purchased or loaned against as security by a Federal Reserve bank under the provisions of section 13b of this Act, (b) for any part of which a commitment shall have been made by a Federal Reserve bank under the provisions of said section, (c) in the making of which a Federal Reserve bank participates under the provisions of said section, or (d) in which the Reconstruction Finance Corporation or the Housing and Home Finance Administration cooperates or purchases a participation under the provisions of the Reconstruction Finance Corporation Act, as amended, or of section 102 or 102a of the Housing Act of 1948, as amended, shall not be subject to the restric-

FOURTH PARAGRAPH OF SECTION 24 OF THE FEDERAL RESERVE ACT (EXISTING LAW)	FOURTH PARAGRAPH OF SECTION 24 OF THE FEDERAL RESERVE ACT AS AMENDED BY H. R. 7963
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Business Act of 1953, shall not be subject to the restrictions or limitations of this section upon loans secured by real estate.	tions or limitations of this section upon loans secured by real estate. Loans in which the Small Business Administration cooperates through agreements to participate on an immediate or deferred basis under the Small Business Act shall not be subject to the restrictions or limitations of this section imposed upon loans secured by real estate.
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Calendar No. 1748

85TH CONGRESS
2D SESSION

H. R. 7963

[Report No. 1714]

IN THE SENATE OF THE UNITED STATES

JUNE 26 (legislative day, JUNE 21), 1957

Read twice and referred to the Committee on Banking and Currency

JUNE 16, 1958

Reported by Mr. CLARK, with amendments

[Omit the part struck through and insert the part printed in italic]

AN ACT

To amend the Small Business Act of 1953, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That title II of the Act of July 30, 1953 (Public Law 163,
4 Eighty-third Congress), as amended, is hereby withdrawn
5 as a part of that Act and is made a separate Act to be known
6 as the "Small Business Act".

7 SEC. 2. The Small Business Act is amended to read
8 as follows:

9 "SEC. 1. This Act may be cited as the 'Small Business
10 Act'.

11 "SEC. 2. (a) The essence of the American economic

1 system of private enterprise is free competition. Only
2 through full and free competition can free markets, free entry
3 into business, and opportunities for the expression and
4 growth of personal initiative and individual judgment be
5 assured. The preservation and expansion of such competi-
6 tion is basic not only to the economic well-being but to the
7 security of this Nation. Such security and well-being can-
8 not be realized unless the actual and potential capacity of
9 small business is encouraged and developed. It is the de-
10 clared policy of the Congress that the Government should
11 aid, counsel, assist, and protect, insofar as is possible, the
12 interests of small-business concerns in order to preserve free
13 competitive enterprise, to insure that a fair proportion of
14 the total purchases and contracts for property and services
15 for the Government (including but not limited to contracts
16 for maintenance, repair, and construction) be placed with
17 small-business enterprises, and to maintain and strengthen
18 the overall economy of the Nation.

19 “(b) Further, it is the declared policy of the Congress
20 that the Government should aid and assist victims of floods
21 and other catastrophes.

22 “SEC. 3. ~~(a)~~ For the purposes of this Act, a small-business
23 concern shall be deemed to be one which is independently
24 owned and operated and which is not dominant in its
25 field of operation. In addition to the foregoing criteria

1 the Administrator, in making a detailed definition, may
2 use these criteria, among others: Number of employees and
3 dollar volume of business. Where the number of employees
4 is used as one of the criteria in making such definition for
5 any of the purposes of this Act, the maximum number of
6 employees which a small-business concern may have under
7 the definition shall vary from industry to industry to the
8 extent necessary to reflect differing characteristics of such in-
9 dustries and to take proper account of other relevant factors.

10 “(b) The Administrator shall without delay establish a
11 new definition, in compliance with subsection (a); and if such
12 new definition has not been established and placed in effect
13 for all the purposes of this Act within sixty days after the
14 date of the enactment of this subsection, the definition which
15 was in use by the Administrator for financial assistance
16 purposes immediately prior to the date of the enactment of
17 this subsection shall be in effect for all the purposes of this
18 Act from the end of such sixty-day period until such time
19 as the Administrator establishes and places in effect such
20 new definition.—Nothing in this subsection shall affect any
21 small-business certificate issued under this Act before the
22 enactment of this subsection, or restrict the authority of
23 the Administrator to issue such certificates under section
24 8 (b) (6).

25 “SEC. 4. (a) In order to carry out the policies of this

1 Act there is hereby created an agency under the name
2 'Small Business Administration' (herein referred to as the
3 Administration), which Administration shall be under the
4 general direction and supervision of the President and shall
5 not be affiliated with or be within any other agency or de-
6 partment of the Federal Government. The principal office
7 of the Administration shall be located in the District of
8 Columbia. The Administration may establish such branch
9 and regional offices in other places in the United States as
10 may be determined by the Administrator of the Administra-
11 tion. As used in this Act, the term 'United States' includes
12 the several States, the Territories and possessions of the
13 United States, the Commonwealth of Puerto Rico, and the
14 District of Columbia.

15 “(b) The management of the Administration shall be
16 vested in an Administrator who shall be appointed from
17 civilian life by the President, by and with the advice and
18 consent of the Senate, and who shall be a person of out-
19 standing qualifications known to be familiar and sympathetic
20 with small-business needs and problems. The Administra-
21 tor shall not engage in any other business, vocation, or
22 employment than that of serving as Administrator. The
23 Administrator is authorized to appoint three Deputy Admin-
24 istrators to assist in the execution of the functions vested in
25 the Administration.

1 “(c) The Administration is authorized to obtain money
2 from the Treasury of the United States for use in the per-
3 formance of the powers and duties granted to or imposed
4 upon it by law, not to exceed a total of \$650,000,000 out-
5 standing at any one time. For this purpose appropriations
6 not to exceed \$650,000,000 are hereby authorized to be
7 made to a revolving fund in the Treasury. Advances shall
8 be made to the Administration from the revolving fund when
9 requested by the Administration. This revolving fund shall
10 be used for the purposes enumerated subsequently in sec-
11 tions 7 (a), 7 (b), and 8 (a). Not to exceed an aggregate
12 of \$500,000,000 shall be outstanding at any one time for the
13 purposes enumerated in section 7 (a). Not to exceed
14 an aggregate of \$125,000,000 shall be outstanding at any
15 one time for the purposes enumerated in section 7 (b).
16 Not to exceed an aggregate of \$25,000,000 shall be out-
17 standing at any one time for the purposes enumerated in
18 section 8 (a). The Administration shall pay into miscel-
19 laneous receipts of the Treasury, at the close of each fiscal
20 year, interest on the net amount of the cash disbursements
21 from such advances at a rate determined by the Secretary
22 of the Treasury, taking into consideration the current average
23 rate on outstanding interest-bearing marketable public debt
24 obligations of the United States of comparable maturities.

1 “(d) There is hereby established a National Small Busi-
2 ness Advisory Board, which shall advise and consult with the
3 Administration in carrying out the purposes of this Act. The
4 Board shall consist of the Administrator, as chairman, the
5 Secretary of the Treasury, the Secretary of Commerce, and
6 not less than two nor more than six other individuals ap-
7 pointed by the Administrator who are familiar with small-
8 business needs and problems and are truly representative of
9 small-business interests. The Secretary of the Treasury and
10 the Secretary of Commerce may each designate an officer
11 from his Department, who has been appointed by the Presi-
12 dent by and with the advice and consent of the Senate, to act
13 in his stead as a member of the Board.

14 “(d) *The Administrator shall establish general policies*
15 *(particularly with reference to the public interest involved*
16 *in the granting and denial of applications for financial*
17 *assistance by the Administration and with reference to the co-*
18 *ordination of the functions of the Administration with other*
19 *activities and policies of the Government) which shall govern*
20 *the granting and denial of applications for financial assist-*
21 *ance by the Administration.*

22 “SEC. 5. (a) The Administration shall have power
23 to adopt, alter, and use a seal, which shall be judicially
24 noticed. The Administrator is authorized, subject to the
25 civil-service and classification laws, to select, employ, ap-

1 point, and fix the compensation of such officers, employees,
2 attorneys, and agents as shall be necessary to carry out the
3 provisions of this Act; to define their authority and duties;
4 to provide bonds for them in such amounts as the Adminis-
5 trator shall determine; and to pay the costs of qualification of
6 certain of them as notaries public. The Administration,
7 with the consent of any board, commission, independent
8 establishment, or executive department of the Government,
9 may avail itself on a reimbursable or nonreimbursable basis
10 of the use of information, services, facilities (including any
11 field service thereof), officers, and employees thereof, in
12 carrying out the provisions of this Act. Subject to the
13 standards and procedures under section 505 of the Classi-
14 fication Act of 1949, as amended, not to exceed fifteen
15 positions in the Administration may be placed in grades
16 16, 17, and 18 of the General Schedule established by that
17 Act, and any such positions shall be additional to the number
18 authorized by such section.

19 “(b) In the performance of, and with respect to, the
20 functions, powers, and duties vested in him by this Act the
21 Administrator may—

22 “(1) sue and be sued in any court of record of a
23 State having general jurisdiction, or in any United States
24 district court, and jurisdiction is conferred upon such dis-
25 trict court to determine such controversies without re-

1 gard to the amount in controversy; but no attachment,
2 injunction, garnishment, or other similar process, mesne
3 or final, shall be issued against the Administrator or his
4 property;

5 “(2) under regulations prescribed by him, assign
6 or sell at public or private sale, or otherwise dispose of
7 for cash or credit, in his discretion and upon such terms
8 and conditions and for such consideration as the Admin-
9 istrator shall determine to be reasonable, any evidence
10 of debt, contract, claim, personal property, or security
11 assigned to or held by him in connection with the pay-
12 ment of loans granted under this Act, and to collect
13 or compromise all obligations assigned to or held by him
14 and all legal or equitable rights accruing to him in
15 connection with the payment of such loans until such
16 time as such obligations may be referred to the Attorney
17 General for suit or collection;

18 “(3) deal with, complete, renovate, improve, mod-
19 ernize, insure, or rent, or sell for cash or credit upon
20 such terms and conditions and for such consideration as
21 the Administrator shall determine to be reasonable, any
22 real property conveyed to or otherwise acquired by him
23 in connection with the payment of loans granted under
24 this Act;

25 “(4) pursue to final collection, by way of com-

1 promise or otherwise, all claims against third parties
2 assigned to the Administrator in connection with loans
3 made by him. This shall include authority to obtain de-
4 ficiency judgments or otherwise in the case of mortgages
5 assigned to the Administrator. Section 3709 of the Re-
6 vised Statutes, as amended (41 U. S. C., sec. 5), shall
7 not be construed to apply to any contract of hazard in-
8 surance or to any purchase or contract for services or
9 supplies on account of property obtained by the Ad-
10 ministrator as a result of loans made under this Act
11 if the premium therefor or the amount thereof does not
12 exceed \$1,000. The power to convey and to execute
13 in the name of the Administrator deeds of conveyance,
14 deeds of release, assignments and satisfactions of mort-
15 gages, and any other written instrument relating to
16 real property or any interest therein acquired by the
17 Administrator pursuant to the provisions of this Act may
18 be exercised by the Administrator or by any officer or
19 agent appointed by him without the execution of any
20 express delegation of power or power of attorney.
21 Nothing in this section shall be construed to prevent
22 the Administrator from delegating such power by order
23 or by power of attorney, in his discretion, to any officer
24 or agent he may appoint;

1 “(5) acquire, in any lawful manner, any property
2 (real, personal, or mixed, tangible or intangible), when-
3 ever deemed necessary or appropriate to the conduct of
4 the activities authorized in sections 7 (a) and 7 (b);

5 “(6) make such rules and regulations as he deems
6 necessary to carry out the authority vested in him by
7 or pursuant to this Act;

8 “(7) in addition to any powers, functions, privi-
9 leges, and immunities otherwise vested in him, take
10 any and all actions, including the procurement of the
11 services of attorneys by contract, determined by him
12 to be necessary or desirable in making, servicing, com-
13 promising, modifying, liquidating, or otherwise dealing
14 with or realizing on loans made under the provisions of
15 this Act; but no attorneys’ services shall be procured
16 by contract in any office where an attorney or attorneys
17 are or can be economically employed full time to render
18 such services;

19 “(8) pay the transportation expenses and per diem
20 in lieu of subsistence expenses, in accordance with the
21 Travel Expense Act of 1949, for travel of any person
22 employed by the Administration to render temporary
23 services not in excess of six months in connection with
24 any disaster referred to in section 7 (b) from place of
25 appointment to, and while at, the disaster area and any

1 other temporary posts of duty and return upon comple-
2 tion of the assignment; and

3 “(9) ~~to~~ accept the services and facilities of Federal
4 State, and local agencies and groups, both public and
5 private, and utilize such gratuitous services and facilities
6 as may, from time to time, be necessary, to further the
7 objectives of section 7 (b).

8 “(c) To such extent as he finds necessary to carry out
9 the provisions of this Act, the Administrator is author-
10 ized to procure the temporary ~~(not in excess of six~~
11 ~~months)~~ *(not in excess of one year)* or intermittent
12 services of experts or consultants or organizations there-
13 of, including stenographic reporting services, by contract
14 or appointment, and in such cases such services shall
15 be without regard to the civil-service and classification laws
16 and, except in the case of stenographic reporting services by
17 organizations, without regard to section 3709 of the Revised
18 Statutes, as amended (41 U. S. C., sec. 5). Any individual
19 so employed may be compensated at a rate not in excess of
20 \$50 per diem, and, while such individual is away from his
21 home or regular place of business, he may be allowed trans-
22 portation and not to exceed \$15 per diem in lieu of subsist-
23 ence and other expenses.

24 “(d) *To the extent he finds it will contribute to the*
25 *more effective functioning of the Administration, the Admin-*

1 Administrator is authorized to conduct or provide training and to
2 assign employees for training or attendance at meetings at
3 Federal or non-Federal facilities, including public or pri-
4 vate agencies, institutions of learning, laboratories, industrial
5 or commercial organizations or other appropriate organi-
6 zations or institutions, foreign or domestic, and, if he deems
7 it appropriate, to pay in whole or in part, the following:
8 The salaries of such employees for the period of training
9 or attendance; the cost of their transportation and per diem
10 in lieu of subsistence in accordance with the Travel Expense
11 Act of 1949, as amended; necessary expenses incident to
12 their training including tuition, study materials, and other
13 customary expenses. Appropriations or other funds avail-
14 able to the Administration for salaries and for expenses shall
15 be available for the purpose of this subsection.

16 "SEC. 6. (a) All moneys of the Administration not
17 otherwise employed may be deposited with the Treasury of
18 the United States subject to check by authority of the Ad-
19 ministration. The Federal Reserve banks are authorized
20 and directed to act as depositaries, custodians, and fiscal
21 agents for the Administration in the general performance of
22 its powers conferred by this Act. Any banks insured by the
23 Federal Deposit Insurance Corporation, when designated by
24 the Secretary of the Treasury, shall act as custodians and

1 financial agents for the Administration. Each Federal Re-
2 serve bank, when designated by the Administrator as fiscal
3 agent for the Administration, shall be entitled to be reim-
4 bursed for all expenses incurred as such fiscal agent.

5 “(b) The Administrator shall contribute to the em-
6 ployees’ compensation fund, on the basis of annual billings
7 as determined by the Secretary of Labor, for the benefit pay-
8 ments made from such fund on account of employees engaged
9 in carrying out functions financed by the revolving fund es-
10 tablished by section 4 (c) of this Act. The annual billings
11 shall also include a statement of the fair portion of the cost
12 of the administration of such fund, which shall be paid by
13 the Administrator into the Treasury as miscellaneous receipts.

14 “SEC. 7. (a) The Administration is empowered to
15 make loans to enable small-business concerns to finance
16 plant construction, conversion, or expansion, including the
17 acquisition of land; or to finance the acquisition of equip-
18 ment, facilities, machinery, supplies, or materials; or to
19 supply such concerns with working capital to be used in
20 the manufacture of articles, equipment, supplies, or mate-
21 rials for war, defense, or civilian production or as may be
22 necessary to insure a well-balanced national economy; and
23 such loans may be made or effected either directly or in
24 cooperation with banks or other lending institutions through

1 agreements to participate on an immediate or deferred
2 basis. The foregoing powers shall be subject, however,
3 to the following restrictions and limitations:

4 “(1) No financial assistance shall be extended
5 pursuant to this subsection unless the financial assistance
6 applied for is not otherwise available on reasonable
7 terms.

8 “(2) No immediate participation may be pur-
9 chased unless it is shown that a deferred participation
10 is not available; and no loan may be made unless it is
11 shown that a participation is not available.

12 “(3) In agreements to participate in loans on a
13 deferred basis under this subsection, such participation
14 by the Administration shall not be in excess of 90 per
15 centum of the balance of the loan outstanding at the
16 time of disbursement.

17 “(4) Except as provided in paragraph (5), (A)
18 no loan under this subsection shall be made if the total
19 amount outstanding and committed (by participation or
20 otherwise) to the borrower from the revolving fund
21 established by this Act would exceed ~~\$250,000~~ \$350,-
22 000; (B) the rate of interest for the Administration's
23 share of any such loan shall be no more than 5 per-
24 centum per annum, and shall not be more than the rate
25 prevailing within the Federal Reserve district where the

1 money loaned is to be used if such prevailing rate is lower
2 than ~~5 per centum per annum~~ *6 per centum per annum*;
3 and (C) no such loan, including renewals or extensions
4 thereof, may be made for a period or periods exceeding
5 ten years except that a loan made for the purpose of
6 constructing facilities may have a maturity of ten years
7 plus such additional period as is estimated may be re-
8 quired to complete such construction.

9 “(5) In the case of any loan made under this
10 subsection to a corporation formed and capitalized by
11 a group of small-business concerns with resources pro-
12 vided by them for the purpose of obtaining for the use
13 of such concerns raw materials, equipment, inventories,
14 or supplies, or for establishing facilities for such purpose,
15 (A) the limitation of ~~\$250,000~~ *\$350,000* prescribed in
16 paragraph (4) shall not apply, but the limit of such loan
17 shall be \$250,000 multiplied by the number of separate
18 small businesses which formed and capitalized such cor-
19 poration; (B) the rate of interest for the Administra-
20 tion's share of such loan shall be no less than 3 nor more
21 than 5 per centum per annum; and (C) such loan,
22 including renewals and extensions thereof, may not
23 be made for a period or periods exceeding ten years
24 except that if such loan is made for the purpose of con-
25 structing facilities it may have a maturity of twenty

1 years plus such additional time as is required to com-
2 plete such construction.

3 “(6) The Administrator is authorized to consult
4 with representatives of small-business concerns with a
5 view to encouraging the formation by such concerns of
6 the corporation referred to in paragraph (5). No act or
7 omission to act, if requested by the Administrator pur-
8 suant to this paragraph, and if found and approved by
9 the Administration as contributing to the needs of small
10 business, shall be construed to be within the prohibitions
11 of the antitrust laws or the Federal Trade Commission
12 Act of the United States. A copy of the statement of
13 any such finding and approval intended to be within
14 the coverage of this section, and any modification or
15 withdrawal thereof, shall be furnished to the Attorney
16 General and the Chairman of the Federal Trade Commis-
17 sion when made, and it shall be published in the Federal
18 Register. The authority granted in this paragraph
19 shall be exercised only (A) by the Administrator,
20 (B) upon the condition that the Administrator consult
21 with the Attorney General and with the Chairman of
22 the Federal Trade Commission, and (C) upon the
23 condition that the Administrator obtain the approval of
24 the Attorney General before exercising such authority.
25 Upon withdrawal of any request or finding hereunder

1 or upon withdrawal by the Attorney General of his
2 approval granted under the preceding sentence, the pro-
3 visions of this paragraph shall not apply to any subse-
4 quent act or omission to act by reason of such finding or
5 request.

6 “(7) All loans made under this subsection shall
7 be of such sound value or so secured as reasonably to
8 assure repayment.

9 “(b) The Administration also is empowered—

10 “(1) to make such loans (either directly or in co-
11 operation with banks or other lending institutions
12 through agreements to participate on an immediate or
13 deferred basis) as the Administration may determine to
14 be necessary or appropriate because of floods or other
15 catastrophes; and

16 “(2) to make such loans (either directly or in co-
17 operation with banks or other lending institutions
18 through agreements to participate on an immediate or
19 deferred basis) as the Administration may determine to
20 be necessary or appropriate to any small-business con-
21 cern located in an area affected by a drought or *excessive*
22 *rainfall*, if the Administration determines that the
23 small-business concern has suffered a substantial eco-
24 nomic injury as a result of such drought or *excessive*

1 *rainfall* and the President has determined under the
2 Act entitled ‘An Act to authorize Federal assistance to
3 States and local governments in major disasters, and for
4 other purposes’, approved September 30, 1950, as
5 amended (42 U. S. C., secs. 1855–1855g), that such
6 drought *or excessive rainfall* is a major disaster, or the
7 Secretary of Agriculture has found under the Act en-
8 titled ‘An Act to abolish the Regional Agricultural
9 Credit Corporation of Washington, District of Columbia,
10 and transfer its functions to the Secretary of Agriculture,
11 to authorize the Secretary of Agriculture to make dis-
12 aster loans, and for other purposes’, approved April 6,
13 1949, as amended (12 U. S. C., secs. 1148a–1–
14 1148a–3), that such drought *or excessive rainfall* con-
15 stitutes a production or economic disaster in such area.

16 No loan under this subsection, including renewals and ex-
17 tensions thereof, may be made for a period or periods exceed-
18 ing twenty years. The interest rate on the Administration’s
19 share of any loan made under this subsection shall not
20 exceed 3 per centum per annum. In agreements to partici-
21 pate in loans on a deferred basis under this subsection, such
22 participation by the Administration shall not be in excess
23 of 90 per centum of the balance of the loan outstanding at
24 the time of disbursement.

25 “(c) The Administration may further extend the matu-

1 rity of or renew any loan made pursuant to this section,
2 or any loan transferred to the Administration pursuant to
3 Reorganization Plan Numbered 2 of 1954, for additional
4 periods not to exceed ten years beyond the period stated
5 therein, if such extension or renewal will aid in the orderly
6 liquidation of such loan.

7 "SEC. 8. (a) It shall be the duty of the Administration
8 and it is hereby empowered, whenever it determines such
9 action is necessary—

10 " (1) to enter into contracts with the United
11 States Government and any department, agency, or
12 officer thereof having procurement powers obligating the
13 Administration to furnish articles, equipment, supplies,
14 or materials to the Government. In any case in which
15 the Administration certifies to any officer of the Govern-
16 ment having procurement powers that the Administra-
17 tion is competent to perform any specific Government
18 procurement contract to be let by any such officer, such
19 officer shall be authorized in his discretion to let such
20 procurement contract to the Administration upon such
21 terms and conditions as may be agreed upon between the
22 Administration and the procurement officer; and

23 " (2) to arrange for the performance of such con-
24 tracts by negotiating or otherwise letting subcontracts to
25 small-business concerns or others for the manufacture,

1 supply, or assembly of such articles, equipment, supplies,
2 or materials, or parts thereof, or servicing or processing
3 in connection therewith, or such management services
4 as may be necessary to enable the Administration to
5 perform such contracts.

6 “(b) It shall also be the duty of the Administration
7 and it is hereby empowered, whenever it determines such
8 action is necessary—

9 “(1) to provide technical and managerial aids to
10 small-business concerns, by advising and counseling on
11 matters in connection with Government procurement
12 and on policies, principles, and practices of good man-
13 agement, including but not limited to cost accounting,
14 methods of financing, business insurance, accident con-
15 trol, wage incentives, and methods engineering, by co-
16 operating and advising with voluntary business, profes-
17 sional, educational, and other nonprofit organizations,
18 associations, and institutions and with other Federal
19 and State agencies, by maintaining a clearinghouse for
20 information concerning the managing, financing, and
21 operation of small-business enterprises, by disseminating
22 such information, and by such other activities as are
23 deemed appropriate by the Administration;

24 “(2) to make a complete inventory of all produc-
25 tive facilities of small-business concerns or to arrange

1 for such inventory to be made by any other govern-
2 mental agency which has the facilities. In making any
3 such inventory, the appropriate agencies in the several
4 States may be requested to furnish an inventory of the
5 productive facilities of small-business concerns in each
6 respective State if such an inventory is available or in
7 prospect;

8 “(3) to coordinate and to ascertain the means by
9 which the productive capacity of small-business concerns
10 can be most effectively utilized;

11 “(4) to consult and cooperate with officers of the
12 Government having procurement powers, in order to
13 utilize the potential productive capacity of plants op-
14 erated by small-business concerns;

15 “(5) to obtain information as to methods and prac-
16 tices which Government prime contractors utilize in
17 letting subcontracts and to take action to encourage the
18 letting of subcontracts by prime contractors to small-
19 business concerns at prices and on conditions and terms
20 which are fair and equitable;

21 “(6) to determine within any industry the con-
22 cerns, firms, persons, corporations, partnerships, coop-
23 eratives, or other business enterprises which are to be
24 designated ‘small-business concerns’ for the purpose of

1 effectuating the provisions of this Act. To carry out
2 this purpose the Administrator, when requested to do so.
3 shall issue in response to each such request an appro-
4 priate certificate certifying an individual concern as a
5 'small-business concern' in accordance with the criteria
6 expressed in this Act. Any such certificate shall be
7 subject to revocation when the concern covered thereby
8 ceases to be a 'small-business concern'. Offices of the
9 Government having procurement or lending powers, or
10 engaging in the disposal of Federal property or allo-
11 cating materials or supplies, or promulgating regula-
12 tions affecting the distribution of materials or supplies,
13 shall accept as conclusive the Administration's deter-
14 mination as to which enterprises are to be designated
15 'small-business concerns', as authorized and directed
16 under this paragraph;

17 " (7) to certify to Government procurement officers
18 with respect to the competency, as to capacity and
19 credit, of any small-business concern or group of such
20 concerns to perform a specific Government procurement
21 contract. In any case in which a small-business con-
22 cern or group of such concerns has been certified by or
23 under the authority of the Administration to be a com-
24 petent Government contractor with respect to capacity

1 and credit as to a specific Government procurement
2 contract, the officers of the Government having procure-
3 ment powers are directed to accept such certification
4 as conclusive, and are authorized to let such Govern-
5 ment procurement contract to such concern or group of
6 concerns without requiring it to meet any other require-
7 ment with respect to capacity and credit;

8 “(8) to obtain from any Federal department, estab-
9 lishment, or agency engaged in procurement or in the
10 financing of procurement or production such reports
11 concerning the letting of contracts and subcontracts and
12 the making of loans to business concerns as it may deem
13 pertinent in carrying out its functions under this Act;

14 “(9) to obtain from suppliers of materials informa-
15 tion pertaining to the method of filling orders and the
16 bases for allocating their supply, whenever it appears
17 that any small business is unable to obtain materials
18 from its normal sources;

19 “(10) to make studies and recommendations to the
20 appropriate Federal agencies to insure that a fair pro-
21 portion of the total purchases and contracts for property
22 and services for the Government be placed with small-
23 business enterprises, to insure that a fair proportion of
24 Government contracts for research and development be

1 placed with small-business concerns, and to insure a
2 fair and equitable share of materials, supplies, and equip-
3 ment to small-business concerns;

4 “(11) to consult and cooperate with all Government
5 agencies for the purpose of insuring that small-business
6 concerns shall receive fair and reasonable treatment
7 from such agencies; and

8 “(12) to establish such small business advisory
9 boards and committees truly representative of small
10 business as may be necessary to achieve the purposes
11 of this Act, in addition to the National Small Business
12 Advisory Board established by section 4 (d).

13 “(c) The Administration shall from time to time make
14 studies of matters materially affecting the competitive
15 strength of small business, and of the effect on small business
16 of Federal laws, programs, and regulations, and shall make
17 recommendations to the appropriate Federal agency or
18 agencies for the adjustment of such programs and regula-
19 tions to the needs of small business.

20 “SEC. 9. (a) *Research and development are major fac-*
21 *tors in the growth and progress of industry and the national*
22 *economy. The expense of carrying on research and de-*
23 *velopment programs is beyond the means of many small-*
24 *business concerns, and such concerns are handicapped in*
25 *obtaining the benefits of research and development programs*

1 conducted at Government expense. These small-business
2 concerns are thereby placed at a competitive disadvantage.
3 This weakens the competitive free enterprise system and
4 prevents the orderly development of the national economy.
5 It is the policy of the Congress that assistance be given to
6 small-business concerns to enable them to undertake and to
7 obtain the benefits of research and development in order to
8 maintain and strengthen the competitive free enterprise
9 system and the national economy.

10 “(b) It shall be the duty of the Administration, and
11 it is hereby empowered—

12 “(1) to assist small-business concerns to obtain
13 Government contracts for research and development;
14 and

15 “(2) to assist small-business concerns to obtain the
16 benefits of research and development performed under
17 Government contracts or at Government expense.

18 “(c) The Administration is authorized to consult and
19 cooperate with all Government agencies and to make studies
20 and recommendations to such agencies, and such agencies
21 are authorized and directed to cooperate with the Adminis-
22 tration in order to carry out and to accomplish the purposes
23 of this section.

24 “(d) (1) The Administrator is authorized to consult
25 with representatives of small-business concerns with a view

1 to assisting and encouraging such firms to undertake joint
2 programs for research and development carried out through
3 such corporate or other mechanism as may be most appro-
4 priate for the purpose.

5 “(2) The Administrator may, after consultation with
6 the Attorney General and the Chairman of the Federal
7 Trade Commission, and with the prior written approval of
8 the Attorney General, approve any agreement between
9 small-business firms providing for a joint program of re-
10 search and development, if the Administrator finds that the
11 joint program proposed will maintain and strengthen the
12 free enterprise system and the economy of the nation. The
13 Administrator or the Attorney General may at any time
14 withdraw his approval of the agreement and the joint pro-
15 gram of research and development covered thereby, if he
16 finds that the agreement or the joint program carried on
17 under it is no longer in the best interests of the competitive
18 free enterprise system and the economy of the nation. A
19 copy of the statement of any such finding and approval
20 intended to be within the coverage of this subsection, and
21 a copy of any modification or withdrawal of approval, shall
22 be published in the Federal Register. The authority con-
23 ferred by this subsection on the Administrator shall not be
24 delegated by him.

25 “(3) No act or omission to act pursuant to and within

1 *the scope of any joint program for research and development,*
2 *under an agreement approved by the Administrator under*
3 *this subsection, shall be construed to be within the prohibi-*
4 *tions of the antitrust laws or the Federal Trade Commission*
5 *Act. Upon publication in the Federal Register of the*
6 *notice of withdrawal of his approval of the agreement*
7 *granted under this subsection, either by the Administrator*
8 *or by the Attorney General, the provisions of this subsection*
9 *shall not apply to any subsequent act or omission to act by*
10 *reason of such agreement or approval.*

11 “SEC. 9 10. (a) The Administration shall make a re-
12 port every six months of operations under this Act to the
13 President, the President of the Senate, and the Speaker of
14 the House of Representatives. Such report shall include the
15 names of the business concerns to whom contracts are let
16 and for whom financing is arranged by the Administration,
17 together with the amounts involved, and such report shall
18 include such other information and such comments and recom-
19 mendations as the Administration may deem appropriate.

20 “(b) The Administration shall make a report to the
21 President, the President of the Senate, and the Speaker of
22 the House of Representatives, to the Senate Select Commit-
23 tee on Small Business, and to the House Select Committee To
24 Conduct a Study and Investigation of the Problems of Small
25 Business, on June 30 and December 31 of each year, show-

1 ing as accurately as possible for each such period the amount
2 of funds appropriated to it that it has expended in the
3 conduct of each of its principal activities such as lending,
4 procurement, contracting, and providing technical and
5 managerial aids.

6 “(c) The Attorney General is directed to make, or re-
7 quest the Federal Trade Commission to make for him, sur-
8 veys for the purpose of determining any factors which may
9 tend to eliminate competition, create or strengthen monopo-
10 lies, injure small business, or otherwise promote undue con-
11 centration of economic power in the course of the admin-
12 istration of this Act. The Attorney General shall submit to
13 the Congress and the President, at such times as he deems
14 desirable, reports setting forth the results of such surveys and
15 including such recommendations as he may deem desirable.

16 “(d) For the purpose of aiding in carrying out the
17 national policy to insure that a fair proportion of the total
18 purchases and contracts for property and services for the
19 Government be placed with small-business enterprises, and
20 to maintain and strengthen the overall economy of the Na-
21 tion, the Department of Defense shall make a monthly report
22 to the President, the President of the Senate, and the Speaker
23 of the House of Representatives not less than forty-five days
24 after the close of the month, showing the amount of funds
25 appropriated to the Department of Defense which have been

1 expended, obligated, or contracted to be spent with small-
2 business concerns and the amount of such funds expended,
3 obligated, or contracted to be spent with firms other than
4 small business in the same fields of operation; and such
5 monthly reports shall show separately the funds expended,
6 obligated, or contracted to be spent for basic and applied
7 scientific research and development.

8 “(e) The Administration shall retain all correspondence,
9 records of inquiries, memoranda, reports, books, and records,
10 including memoranda as to all investigations conducted by
11 or for the Administration, for a period of at least one year
12 from the date of each thereof, and shall at all times keep the
13 same available for inspection and examination by the Senate
14 Select Committee on Small Business and the House Select
15 Committee To Conduct a Study and Investigation of the
16 Problems of Small Business, or their duly authorized repre-
17 sentatives.

18 “(f) To the extent deemed necessary by the Adminis-
19 trator to protect and preserve small-business interests, the
20 Administration shall consult and cooperate with other de-
21 partments and agencies of the Federal Government in the
22 formulation by the Administration of policies affecting small-
23 business concerns. When requested by the Administrator,
24 each department and agency of the Federal Government
25 shall consult and cooperate with the Administration in the

1 formulation by such department or agency of policies affect-
2 ing small-business concerns, in order to insure that small-
3 business interests will be recognized, protected, and pre-
4 served. This subsection shall not require any department
5 or agency to consult or cooperate with the Administration
6 in any case where the head of such department or agency
7 determines that such consultation or cooperation would un-
8 duly delay action which must be taken by such department
9 or agency to protect the national interest in an emergency.

10 "SEC. 40 11. (a) The President is authorized to consult
11 with representatives of small-business concerns with a view
12 to encouraging the making by such persons with the ap-
13 proval of the President of voluntary agreements and pro-
14 grams to further the objectives of this Act.

15 "(b) No act or omission to act pursuant to this Act
16 which occurs while this Act is in effect, if requested by the
17 President pursuant to a voluntary agreement or program ap-
18 proved under subsection (a) of this section and found by
19 the President to be in the public interest as contributing to
20 the national defense, shall be construed to be within the
21 prohibitions of the antitrust laws or the Federal Trade Com-
22 mission Act of the United States. A copy of each such re-
23 quest intended to be within the coverage of this section, and
24 any modification or withdrawal thereof, shall be furnished
25 to the Attorney General and the Chairman of the Federal

1 Trade Commission when made, and it shall be published in
2 the Federal Register unless publication thereof would, in
3 the opinion of the President, endanger the national security.

4 “(c) The authority granted in subsection (b) of this
5 section shall be delegated only (1) to an official who shall
6 for the purpose of such delegation be required to be ap-
7 pointed by the President by and with the advice and consent
8 of the Senate, (2) upon the condition that such official
9 consult with the Attorney General and the Chairman of
10 the Federal Trade Commission not less than ten days before
11 making any request or finding thereunder, and (3) upon
12 the condition that such official obtain the approval of the
13 Attorney General to any request thereunder before making
14 the request.

15 “(d) Upon withdrawal of any request or finding here-
16 under, or upon withdrawal by the Attorney General of his
17 approval of the voluntary agreement or program on which
18 the request or finding is based, the provisions of this section
19 shall not apply to any subsequent act, or omission to act,
20 by reason of such finding or request.

21 “SEC. ~~11~~ 12. The President may transfer to the Admin-
22 istration any functions, powers, and duties of any department
23 or agency which relate primarily to small-business problems.
24 In connection with any such transfer, the President may
25 provide for appropriate transfers of records, property, neces-

1 sary personnel, and unexpended balances of appropriations
2 and other funds available to the department or agency from
3 which the transfer is made.

4 “SEC. ~~12~~ 13. No loan shall be made or equipment, facili-
5 ties, or services furnished by the Administration under this
6 Act to any business enterprise unless the owners, partners,
7 or officers of such business enterprise (1) certify to the
8 Administration the names of any attorneys, agents, or other
9 persons engaged by or on behalf of such business enterprise
10 for the purpose of expediting applications made to the Ad-
11 ministration for assistance of any sort, and the fees paid or
12 to be paid to any such persons; (2) execute an agreement
13 binding any such business enterprise for a period of two
14 years after any assistance is rendered by the Administration
15 to such business enterprise, to refrain from employing, ten-
16 dering any office or employment to, or retaining for profes-
17 sional services, any person who, on the date such assist-
18 ance or any part thereof was rendered, or within one year
19 prior thereto, shall have served as an officer, attorney,
20 agent, or employee of the Administration occupying a posi-
21 tion or engaging in activities which the Administration
22 shall have determined involve discretion with respect to
23 the granting of assistance under this Act; and (3) furnish
24 the names of lending institutions to which such business

1 enterprise has applied for loans together with dates, amounts,
2 terms, and proof of refusal.

3 “SEC. ~~13~~ 14. To the fullest extent the Administration
4 deems practicable, it shall make a fair charge for the use
5 of Government-owned property and make and let contracts
6 on a basis that will result in a recovery of the direct costs
7 incurred by the Administration.

8 “SEC. ~~14~~ 15. To effectuate the purposes of this Act,
9 small-business concerns within the meaning of this Act shall
10 receive any award or contract or any part thereof as to
11 which it is determined by the Administration and the con-
12 tracting procurement agency (1) to be in the interest of
13 maintaining or mobilizing the Nation’s full productive capac-
14 ity, ~~or~~ (2) to be in the interest of war or national defense
15 programs, *or (3) to be in the interest of assuring that a fair*
16 *proportion of the total purchases and contracts for property*
17 *and services for the Government are placed with small-business*
18 *concerns. These determinations may be made for individual*
19 *awards or contracts or for classes of awards or contracts.*
20 Whenever the Administration and the contracting procure-
21 ment agency fail to agree, the matter shall be submitted for
22 determination to the Secretary or the head of the appropriate
23 department or agency by the Administrator.

24 “SEC. ~~15~~ 16. (a) Whoever makes any statement know-

1 ing it to be false, or whoever willfully overvalues any secu-
2 rity, for the purpose of obtaining for himself or for any appli-
3 cant any loan, or extension thereof by renewal, deferment of
4 action, or otherwise, or the acceptance, release, or substi-
5 tution of security therefor, or for the purpose of influencing
6 in any way the action of the Administration, or for the
7 purpose of obtaining money, property, or anything of value,
8 under this Act, shall be punished by a fine of not more
9 than \$5,000 or by imprisonment for not more than two
10 years, or both.

11 “(b) Whoever, being connected in any capacity with
12 the Administration, (1) embezzles, abstracts, purloins, or
13 willfully misapplies any moneys, funds, securities, or other
14 things of value, whether belonging to it or pledged or other-
15 wise entrusted to it, or (2) with intent to defraud the Ad-
16 ministration or any other body politic or corporate, or any
17 individual, or to deceive any officer, auditor, or examiner of
18 the Administration, makes any false entry in any book, re-
19 port, or statement of or to the Administration, or, without
20 being duly authorized, draws any order or issues, puts forth,
21 or assigns any note, debenture, bond, or other obligation, or
22 draft, bill of exchange, mortgage, judgment, or decree
23 thereof, or (3) with intent to defraud participates or shares
24 in or receives directly or indirectly any money, profit, prop-

erty, or benefit through any transaction, loan, commission,
contract, or any other act of the Administration, or (4) gives
any unauthorized information concerning any future action or
plan of the Administration which might affect the value of
securities, or, having such knowledge, invests or speculates,
directly or indirectly, in the securities or property of any
company or corporation receiving loans or other assistance
from the Administration, shall be punished by a fine of not
more than \$10,000 or by imprisonment for not more than
five years, or both.

*“SEC. 17. Any interest held by the Administration in
property, as security for a loan, shall be subordinate to any
lien on such property for taxes due on the property to a
State, or political subdivision thereof, in any case where
such lien would, under applicable State law, be superior to
such interest if such interest were held by any party other
than the United States.*

*“SEC. 18. The Administration shall not duplicate the
work or activity of any other department or agency of the
Federal Government and nothing contained in this Act shall
be construed to authorize any such duplication unless such
work or activity is expressly provided for in this Act.*

*“SEC. 19. If any provision of this Act, or the appli-
cation thereof to any person or circumstances, is held invalid,*

1 the remainder of this Act, and the application of such pro-
2 vision to other persons or circumstances, shall not be affected
3 thereby.

4 “SEC. 18 20. There are hereby authorized to be appro-
5 priated such sums as may be necessary and appropriate for
6 the carrying out of the provisions and purposes of this Act.

7 “SEC. 19 21. All laws and parts of laws inconsistent
8 with this Act are hereby repealed to the extent of such
9 inconsistency.” inconsistency.

10 “SEC. 22. (a) *This Act and all authority conferred*
11 *thereunder shall terminate at the close of July 31, 1961,*
12 *but the President may continue the Administration for pur-*
13 *poses of liquidation for not to exceed six months after such*
14 *termination.*

15 “(b) *The termination of this Act shall not affect the*
16 *disbursement of funds under, or the carrying out of, any*
17 *contract, commitment, or other obligation entered into pur-*
18 *suant to this Act prior to the date of such termination, or*
19 *the taking of any action necessary to preserve or protect*
20 *the interests of the United States.”*

21 SEC. 3. The fourth paragraph of section 24 of the
22 Federal Reserve Act is amended (1) by striking out “or
23 the Small Business Administration” and “or of the Small
24 Business Act of 1953,” and (2) by adding at the end
25 thereof the following new sentence: “Loans in which the

1 Small Business Administration cooperates through agree-
2 ments to participate on an immediate or deferred basis under
3 the Small Business Act shall not be subject to the restrictions
4 or limitations of this section imposed upon loans secured by
5 real estate.”

6 *SEC. 4. The Secretary of the Treasury is hereby author-*
7 *ized to further extend the maturity of or renew any loan*
8 *transferred to the Secretary of the Treasury pursuant to*
9 *Reorganization Plan Numbered 1 of 1957, for additional*
10 *periods not to exceed ten years, if such extension or renewal*
11 *will aid in the orderly liquidation of such loan.*

Passed the House of Representatives June 25, 1957.

Attest:

RALPH R. ROBERTS,

Clerk.

86TH CONGRESS
2d Session

H. R. 7963

[Report No. 1714]

AN ACT

To amend the Small Business Act of 1953, as amended.

JUNE 26 (legislative day, JUNE 21), 1957
Read twice and referred to the Committee on
Banking and Currency
JUNE 16, 1958
Reported with amendments

11. COTTON. Passed without amendment H. R. 11399, to authorize the Secretary to set the levels of price support for extra long-staple cotton at between 60 to 75 percent of parity. This bill will now be sent to the President. p. 10765
12. DEFENSE PRODUCTION. Passed without amendment H. R. 10969 (in place of a similar bill S. 3323), to extend the Defense Production Act for 2 years until June 30, 1960. This bill will now be sent to the President. pp. 10773-4
13. LIVESTOCK LOANS. Passed as reported H. R. 11424, to extend for 2 years, through July 14, 1961, the authority of the Secretary to extend or make supplementary advances to borrowers for special livestock loans. p. 10780
14. TOBACCO. Passed without amendment H. R. 11058, to reduce the acreage allotments of tobacco farmers who harvest more than one crop of tobacco in a year from the same acreage. This bill will now be sent to the President. p. 10780
15. NATURAL RESOURCES. Passed as reported S. 2517, to authorize the States to choose mineral lands in making selections in lieu of sections of public lands occupied before State claims were made. pp. 10781-3
16. SURPLUS FOODS. Passed without amendment H. R. 12164, to permit the donation of surplus foods to nonprofit summer camps for children without regard to the number of needy children actually enrolled. This bill will now be sent to the President. p. 10780
17. INSPECTION SERVICES. Passed without amendment S. 3873, to authorize the interchange of inspection services between executive agencies without reimbursement or transfer of funds. p. 10769
18. PROPERTY. Passed as reported S. 3142, to authorize the lease of Federal building sites until needed for actual construction. p. 10769
19. TRANSPORTATION. Passed as reported S. Res 303, to provide for a study of transportation policies in the United States by the Interstate and Foreign Commerce Committee, including the exemption provisions in the laws regulating transportation. p. 10773
20. MONOPOLIES. The Judiciary Committee ordered reported with amendment S. 11, to amend the Robinson-Patman Act to make price discrimination prima facie proof of violation of the law. p. D578
21. STATEHOOD. Began debate on H. R. 7999, to admit Alaska as a State. pp. 10766, 10786, 10803, 10804, 10804-10.
22. INFORMATION. At the request of Sen. Talmadge, passed over S. 921, to restrict the right of Federal officers to withhold information or records. p. 10765.
23. WATERSHEDS. At the request of Sen. Hruska, passed over H. R. 5497, to authorize Federal assistance for certain fish and wildlife development projects under the Watershed Protection and Flood Prevention Act. p. 10765
24. ONION FUTURES. At the request of Sen. Hruska, passed over H. R. 376, to prohibit trading in onion futures on commodity exchanges. p. 10765

25. FARMER COMMITTEES. At the request of Sen. Talmadge, passed over S. 1436, to amend various provisions of law regarding ASC committees, to provide for the administration of the farm program by farmer elected committees, etc. p. 10766
26. BUILDINGS. At the request of Sen. Hruska, passed over S. 3560, to authorize construction of a \$20 million Federal building in Memphis, Tenn. p. 10766
27. TEXTILES. At the request of Sen. Talmadge, passed over H. R. 469, to protect producers and consumers against misbranding and false advertising of the fiber content of textile fiber products. pp. 10766-7
28. MINERALS. At the request of Sen. Mansfield, passed over S. 3817, to encourage exploration for minerals with Federal aid. p. 10769
29. TRANSPORTATION. At the request of Sens. Talmadge and Hruska, passed over S. 3916, to extend for two years provisions of the Shipping Act of 1916 to allow continuation of existing dual-rate contract agreements. p. 10774
30. SMALL BUSINESS. At the request of Sen. Clark, passed over H. R. 7963, to extend the Small Business Act of 1953, and increase the SBA loan authority. p. 10775
31. REORGANIZATION. At the request of Sen. Talmadge, passed over S. Res. 297, to disapprove Reorganization Plan No. 1 of 1958, to merge the Office of Defense Mobilization and the Federal Civil Defense Administration. p. 10776
Sen. Potter commended the adverse report of the Government Operations Committee on S. Res. 297, and the evaluation of the proposed merger. p. 10802
32. HUMANE SLAUGHTER. At the request of Sen. Talmadge, passed over H. R. 8308, to require the use of humane methods in the slaughter of livestock and poultry. p. 10780
33. FOREIGN TRADE. Sen. Thurmond submitted amendments to H. R. 12591, the trade agreements extension bill, proposing to limit the extension to 2 years and to require Congressional assent to Presidential action reversing findings of the Tariff Commission. p. 10804
34. EXTENSION. Sen. Johnston inserted an editorial on the death of Dr. F. Franklin Poole, President of Clemson College, S. C. pp. 10783-4
35. RECLAMATION. Received from the Interior Department a report that the Bountiful, Utah, Water Subconservancy District, had applied for a loan of \$3,510,000, under the Small Reclamation Projects Act. p. 10747

ITEMS IN APPENDIX

36. FOREIGN AID. Rep. Green inserted an article, "Over \$63 Million in Foreign Aid Shared by Eight Oregon Communities." pp. A5696-7
37. COTTON. Extension of remarks of Sen. Sparkman urging aid for cotton farmers and inserting an article, "Cotton's Decline, Long Foreseen, Still Pains Many Dixie Farmers--Some Quit, Wind Up On City Relief Rolls; Others Find Pinch Profits Harder." pp. A5697-8
38. DAIRY INDUSTRY. Extension of remarks of Sen. Proxmire inserting 2 Grange organization resolutions in support of his bill, S. 2952. p. A5698

tinuance, and a further delay until March 19, 1945, before the contract was actually awarded. By this time he had lost his right to reemploy his 60 skilled former employees. Consequently, although he made an intensive search for skilled labor in New Mexico and adjoining States, he was only able to recruit semi-skilled workers. Because of this situation, the project was not completed until 189 days after the period stipulated in the contract. The Government assessed liquidated damages in the sum of \$9,450, of which \$4,150 was remitted, but never paid, because the Bureau determined that part of the delay was due to an unforeseeable condition. Upon completion of the contract, payment was made and claimant executed a release subject to the right to recover the liquidated damages and also for \$189,484.95 for increased costs incurred by reason of the foregoing.

The court of claims in a unanimous opinion concluded that the claimant is entitled to receive \$111,080.60, the amount stated in the bill.

This matter was carefully considered by the Committee on the Judiciary. This is the claim of a man who was practically put out of business by the rulings of the War Manpower Commission. This seems to me to be a just claim, and one which could be passed upon the consent calendar.

Mr. TALMADGE. Mr. President, I wish we could accommodate the distinguished Senator, but it appeared to the calendar committee such action would set a precedent, and that this is a measure which ought to be determined by the Senate on motion.

Mr. WATKINS. I invite attention to the fact that a bill passed a moment ago which authorized the payment of claims for a number of wells which have been damaged, and there was no question about that item. Nobody even knows the amount involved in that bill, yet it was passed without objection. This is a case which has been sent to the Court of Claims. I do not know what we need to do about the matter, other than what we could do right now, even if the bill were taken up on motion.

Mr. TALMADGE. I invite the Senator's attention to the report of the committee as to this particular bill, on page 12, under Conclusion.

Plaintiff does not have a legal or strictly equitable claim against the Government for the losses sustained subsequent to August 14, 1945, but we think that plaintiff is morally entitled, in the broad sense of equity, to receive \$111,080.60, representing such losses.

The court itself stated that there was no strictly legal or equitable claim. I did not make a complete and thorough study of the case. As the Senator knows, as to the calendar matters we have limited time. We cannot go into the measures at very great length. It seemed to me that there was no violation of a Government contract, and that the contractor was seeking damages for being unable to keep his skilled labor employed at the time he wanted to.

Mr. WATKINS. By reason of the action of the War Manpower Commission, which made it impossible for the contractor to keep his employees.

Mr. TALMADGE. That may be true. I should like to accommodate the Senator, but I am still of the opinion that it would be bad practice for the Senate by unanimous consent to pass a bill of this kind, which would make the Government responsible for the permanent employment of some contractors' skilled employees.

Mr. WATKINS. I do not think it would. Of course, the Senator has a right to object.

Mr. JOHNSTON of South Carolina. Mr. President, I think the Senator from Georgia is entirely correct in his statement. Probably the bill should be taken up at some future date. The bill should be explained more fully. We do not have time to go into it fully on a call of the calendar.

I will say, for the benefit of the Senator from Utah, that the committee made a study of this particular bill. We think there is a great deal of equity with regard to this claim, and we believe the claim should be paid.

Senators will note that most of the bills which come from the Committee on the Judiciary are based upon equity. The plaintiffs have no legal cause. If they had a legal right to collect they could go into court to collect. For that reason, it is necessary that bills be introduced and considered, and for the committee to make a report.

Mr. WATKINS. As a matter of fact, most of the claims which come before Congress have to be determined on the question of broad equity. The court of claims said that there was no special equity, but on the broad equity the court felt it should recommend \$111,080.60.

Of course, if the Senator wants to make an objection, he can do so. I have invited attention to the fact that only a few moments ago the Senate passed a bill as to which nobody knows the amount of damages to be paid, the damages being caused to wells by a reclamation project.

Mr. TALMADGE. The Senator is extremely persuasive. The two bills are different in character. The calendar committee thought there was a distinction between the two cases.

I regret sincerely I cannot accommodate the Senator in this instance. As the Senator knows, any objection on the Consent Calendar will temporarily, and only temporarily, block passage of a bill. The Senator can make a motion to consider the bill, and the bill can be debated at the time on the merits of the case.

Mr. President, I renew my objection. The PRESIDING OFFICER. The objection is renewed. The bill will be passed over.

MATHILDE GOMBARD-LIATZKY

The Senate proceeded to consider the bill (S. 3137) for the relief of Mathilde Gombard-Liatzky, which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause and insert:

That, for the purposes of section 202 (a) of the Immigration and Nationality Act, Mathilde Gombard-Liatzky shall be deemed to have been born in Russia, and, notwithstanding the provisions of sections 212 (a) (1) and (4) of that act, the said Mathilde Gombard-Liatzky may be issued a visa and

be admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of the Immigration and Nationality Act: *Provided*, That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the said act: *And provided further*, That the exemptions granted herein shall apply only to grounds for exclusion of which the Department of State or the Department of Justice has knowledge prior to the enactment of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FLORENTINO BUSTAMANTE BACAOAN

The Senate proceeded to consider the bill (S. 3475) for the relief of Florentino Bustamante Bacaoan, yeoman, second class, United States Navy, which had been reported from the Committee on the Judiciary with an amendment in line 8, after the word "fee", to insert "Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.", so as to make the bill read:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, Florentino Bustamante Bacaoan, yeoman, second class, United States Navy, shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

AMENDMENT OF SMALL BUSINESS ACT OF 1953—BILL PASSED OVER

The bill (H. R. 7963) to amend the Small Business Act of 1953, as amended, was announced as next in order.

Mr. CLARK. Mr. President, I hope this bill will be taken up by motion tomorrow, and I hope it will be acted on by the Senate very promptly. However, while the bill is not controversial in nature, it covers a matter of some importance. Therefore, I think the bill should go over.

Mr. President, I make this explanation because it is my bill, and it possibly looks a little silly for me to object to my own bill.

The PRESIDING OFFICER. The bill will be passed over.

DISTRICT OF COLUMBIA CHARTER ACT—BILL PASSED OVER

The bill (S. 1846) to provide for the District of Columbia an appointed Governor and Lieutenant Governor, and an

elected Legislative Assembly and non-voting Delegate to the House of Representatives, was announced as next in order.

Mr. TALMADGE. Over, Mr. President. The bill is not properly calendar business.

The PRESIDING OFFICER. The bill will be passed over.

SURVEY OF COOSAWHATCHIE AND BROAD RIVERS, S. C.

The bill (S. 3833) to provide for a survey of the Coosawhatchie and Broad Rivers in South Carolina, upstream to the vicinity of Dawson Landing was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Army is hereby authorized and directed to cause a survey in the interest of navigation, to be made under the direction of the Chief of Engineers, of the Coosawhatchie and the Broad Rivers in South Carolina, upstream to the vicinity of Dawson Landing, subject to all applicable provisions of section 110 of the River and Harbor Act of 1950.

Sec. 2. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this act.

REORGANIZATION PLAN NO. 1, 1958— RESOLUTION PASSED OVER

The resolution (S. Res. 297) disapproving Reorganization Plan No. 1 of 1958, was announced as next in order.

Mr. TALMADGE. Over, Mr. President. The PRESIDING OFFICER. The resolution will be passed over.

ADDITION OF CERTAIN EXCESS FEDERAL PROPERTY—NORTH CAROLINA

The bill (S. 3431) to provide for the addition of certain excess Federal property in the village of Hatteras, N. C., to the Cape Hatteras National Seashore Recreational Area, and for other purposes was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the tracts of excess Federal lands and improvements thereon in the village of Hatteras, Dare County, N. C., bearing General Services Administration control numbers T-NC-442 and C-NC-444, comprising forty-three one-hundredths and one and five-tenths acres of land, respectively, the exact descriptions for which shall be determined by the Administrator of General Services, are hereby transferred, without exchange of funds, to the administrative jurisdiction of the Secretary of the Interior to be administered as a part of the Cape Hatteras National Seashore Recreational Area, authorized by the Act of August 17, 1937, as amended (50 Stat. 669; 16 U. S. C. 459-459-a-4), and shall be subject to all the laws and regulations applicable thereto.

LEASING OF OIL AND GAS DEPOSITS, TERRITORY OF ALASKA

The bill (S. 3680) to provide for participation of the United States in the World Science-Pan Pacific Exposition to be held at Seattle, Wash., in 1961, and

for other purposes, was announced as next in order.

Mr. CLARK. Mr. President—
The PRESIDING OFFICER. The Chair did not hear Calendar No. 1754, House bill 8054 called.

Mr. CLARK. Nor did the Senator from Pennsylvania, Mr. President. I should like to ask that the bill go over.

The PRESIDING OFFICER. The Chair is advised that Calendar No. 1754, (H. R. 8054) to provide for the leasing of oil and gas deposits in lands beneath inland navigable waters in the Territory of Alaska was passed on Friday, June 20, and later the vote was reconsidered, and the bill returned to the Calendar. Earlier today the bill was again considered, amended, and passed.

WORLD SCIENCE-PAN PACIFIC EXPOSITION, SEATTLE

Mr. CLARK. Mr. President, I understand that Calendar No. 1755 (S. 3680), to provide for participation of the United States in the World Science-Pan Pacific Exposition to be held at Seattle, Wash., in 1961, and for other purposes, was passed on Friday, June 20.

The PRESIDING OFFICER. Calendar No. 1755, Senate bill 3680 was passed on June 20, 1958.

The clerk will proceed to Calendar No. 1756, Senate bill 1790.

ACQUISITION AND TRANSFER OF CERTAIN LAND, EVERGLADES NATIONAL PARK, FLA.

The Senate proceeded to consider the bill (S. 1790) to fix the boundary of Everglades National Park, Fla., to authorize the Secretary of the Interior to acquire land therein and to provide for the transfer of certain land not included within said boundary, and for other purposes, which had been reported from the Committee on Interior and Insular Affairs with amendments, on page 14, line 3, after the word "otherwise," to strike out "subject to the proviso that so long as parcels within the following described area encompassed within said boundary are used exclusively for agricultural purposes and housing directly incident to such purposes said parcels may not be acquired without the consent of the owners thereof;" and, in lieu thereof, to insert "subject to the proviso that no parcel within the following described area shall be acquired without the consent of its owner so long as it is used exclusively for agricultural purposes, including housing, directly incident thereto, or is lying fallow or remains in its natural state."; on page 16, after line 13, to strike out:

The authority to acquire land, water, and interests therein within the park boundary fixed in section 1 is further subject to the right of retention by the owners of such land, water, and interests therein, interests in oil, gas, and mineral rights, or royalties, their heirs, executors, administrators, successors, or assigns, at their election, of the following:

(1) The reservation until October 9, 1958, of all oil, gas, and mineral rights or interests, including the right to lease, explore for,

produce, store, and remove oil, gas, and other minerals from such lands;

(2) In the event that on or before October 9, 1958, oil, gas, or other minerals are being produced in commercial quantities anywhere within the boundary of the land and water described in the first section of this act, the time of the reservation as provided in subsection (1) of this section shall automatically extend for all owners within such boundary, regardless of whether such production is from land in which such owners have an interest, for so long as oil, gas, or other minerals are produced in commercial quantities anywhere within said boundary. To exercise this reservation, the owners, their lessees, agents, employees, and assigns shall have such right of ingress and egress to and from such land and water as may be necessary; and

And, in lieu thereof, to insert:

The authority to acquire land, water, and interests therein within the park boundary fixed in section 1 of this act but outside the area designated in the act of October 10, 1949 (65 Stat. 733), is further subject to the right of retention by the owners thereof, including owners of interests in oil, gas, and mineral rights or royalties, and by their heirs, executors, administrators, successors, and assigns, at their election of the following:

(1) The reservation until October 9, 1967, of all oil, gas, and mineral rights or interests, including the right to lease, explore for, produce, store, and remove oil, gas, and other minerals from such lands;

(2) In the event that on or before said date, oil, gas, or other minerals are being produced in commercial quantities anywhere within the boundary fixed in section 1 of this act but outside the area designated in the act of October 10, 1949, the time of the reservation provided in subsection (1) above shall automatically extend for all owners within said boundary and outside of said area regardless of whether such production is from land in which such owners have an interest, for so long as oil, gas, or other minerals are produced in commercial quantities anywhere within said boundary and outside of said area. To exercise this reservation, the owners, their lessees, agents, employees, and assigns shall have such right of ingress to and egress from such land and water as may be necessary; and

On page 19, line 15, after the word "purposes", to insert "and at the same time shall preserve the right of owners to exercise the reservations herein granted"; on page 20, after line 5, to insert a new section, as follows:

SEC. 8. Unless the Secretary, after notice and opportunity for hearing, shall find that the same is seriously detrimental to the preservation and propagation of the flora or fauna of Everglades National Park, he shall permit such drainage through the natural waterways of the park and the construction, operation, and maintenance of artificial works for conducting water thereto as is required for the reclamation by the State of Florida or any political subdivision thereof or any drainage district organized under its laws of lands lying easterly of the eastern boundary of the park in township 54 south, ranges 31 and 32 east, township 55 south, ranges 32 and 33 east, and township 56 south, range 33 east. He shall grant said permission, however, only after a master plan for the drainage of said lands has been approved by the State of Florida and after finding that the approved plan has engineering feasibility and is so designed as to minimize disruptions of the natural state of the park. Any right-of-way granted pursuant to this section shall be revocable upon breach of the conditions

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 1, 1958
For actions of June 30, 1958
85th-2d, No. 108

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HIGHLIGHTS: Senate committee reported omnibus farm bill. House passed bill to extend special milk program for 3 years. House concurred in Senate amendment to bill to extend special livestock loan authority. Several Representatives urged extension of Public Law 480. Sen. Jackson introduced and discussed measure to provide food and fiber stockpiling program. Rep. Coad introduced and discussed bill to extend Public Law 480.

HOUSE

1. MILK. Passed without amendment, 327 to 1, S. 3342, to extend the special milk program for children for 3 years, from July 1, 1958, through June 30, 1961. The bill authorizes use of up to \$75 million of CCC funds for each of the 3 years to increase the consumption of fluid milk by children in nonprofit schools of high-school grade and under, and in nonprofit nursery schools, child-care centers, settlement houses, summer camps, and similar nonprofit institutions devoted to the care and training of children; and provides that funds expended for this purpose shall not be considered as amounts expended for the purpose of carrying out the price-support program. This bill will now be sent to the President. pp. 11483-492
2. LIVESTOCK LOANS. Concurred in the Senate amendment to H. R. 11424, to extend for 2 years, through July 14, 1961, the authority of the Secretary to make supplementary advances to borrowers for special livestock loans. This bill will now be sent to the President. pp. 11492

3. FOREIGN TRADE; SURPLUS COMMODITIES. Several Representatives urged early consideration of legislation for the extension of Public Law 480. Rep. Cooley and Poage indicated the measure would require further study, particularly with regard to the barter provision. Rep. McCormack expressed concern with the effects of surplus disposals on our relations with friendly countries. pp. 11485-86, 11487-490, 11542-43

4. SMALL BUSINESS. The Banking and Currency Committee reported with amendment S. 3651, to make equity capital and long-term credit more readily available for small business concerns (H. Rept. 2060). p. 11551

5. TRANSPORTATION. The Merchant Marine and Fisheries Committee reported without amendment H. R. 12751, to extend the provisions of the Shipping Act of 1916 relating to dual rate contract arrangements (H. Rept. 2055). p. 11551

Rep. Harris inserted the text, as passed by the House, of H. R. 12832, the omnibus transportation bill. He stated the text of the bill appearing in the June 27 Record was not complete. pp. 11500-502

6. FLOOD CONTROL. A subcommittee of the Public Works Committee ordered reported H. R. 9924, to grant the consent of Congress to a compact between Conn. and Mass. relating to flood control. p. D614

SENATE

7. FARM PROGRAM. The Agriculture and Forestry Committee reported (on June 28) an original bill, S. 4071, to provide price, production adjustment, and marketing programs for various commodities (S. Rept. 1766). p. 11398

8. STATEHOOD. Passed without amendment, 64 to 20, H. R. 7999, to admit Alaska into the Union as a State. This bill will now be sent to the President. pp. 11400, 11403-6, 11416-19, 11421-6, 11428-38, 11443-70

9. TRANSPORTATION. Senate conferees were appointed on S. 3778, the omnibus transportation bill. House conferees have been appointed. pp. 11426-8

10. MONOPOLIES. The Judiciary Committee ordered reported without amendment S. 721, to expedite the enforcement of Clayton Act cease and desist orders. p. D612

11. RESEARCH. Sens. Ellender and Proxmire were added as cosponsors to S. 3697, to create an Agricultural Research and Industrial Board to coordinate research into new industrial uses for farm crops. p. 11399

12. SMALL BUSINESS. H. R. 7963, to extend the Small Business Act of 1953 and increase the SBA loan authority, was made the pending business. p. 11470

13. FOREIGN AID. Sen. Bridges urged that Poland not be given foreign aid. p. 11416

14. SURPLUS PROPERTY. Sen. Thye urged enactment of S. 1318, to provide for the free donation of Federal surplus property to State and local governments for recreational purposes, and inserted a letter from the Minn. Conservation Commissioner supporting the bill. p. 11471

15. WATER RESOURCES. Sen. Watkins inserted a speech by a water attorney, "Current Developments in Water Law." pp. 11471-7

least we could do is open up Alaska to the Alaskans."

North Carolina, the Charlotte News: "Statehood for Alaska has been repeatedly promised by both political parties."

North Dakota, the Devils Lake Journal: "Action on statehood is long overdue and the Government, in all fairness, should open the door for Alaska."

Ohio, the Fremont News-Messenger: "No matter what other considerations there may be, the question is whether it is fair to hold down Alaskan Americans to the status of second class citizens."

Oklahoma, the Enid News: " * * * the American people are in favor of the statehood bill. Every poll taken on the question shows an overwhelming majority in favor of it."

Oregon, the Portland Oregonian: "Congress need not worry about Alaskan population. It would come with the stimulation provided by statehood."

Pennsylvania, the Mechanicsburg Local News: " * * * this country was founded on the principle of taxation with representation, and that is what this question is all about."

Rhode Island, the Woonsocket Call: "It is to be hoped that Congress will get on with the admission of Alaska."

South Carolina, the Rock Hill Herald: "Admittedly the problems of granting statehood to Alaska are great. So were the problems of the development of the West in stagecoach days—but the results were worth the effort."

South Dakota, the Mitchell Republic: " * * * both major political parties, again and again in recent years, have unanimously adopted election platform planks which unequivocally pledged statehood."

Tennessee, the Nashville Banner: "That Alaska is ready for statehood there can be no doubt."

Texas, the Beaumont Journal: " * * * admitting Alaska as the 49th State would have more than national interest. It would train the eyes of the entire world on the growing United States and its increasing power to protect and preserve the democratic way of life that had its birth in a courageous handful of States."

Utah, the Salt Lake City Deseret News and Telegram: "There is simply no justification for continuing longer the United States own peculiar brand of colonialism; if it is continued, the Senate will have some tall explaining to do."

Vermont, the Burlington Free Press: " * * * equal senatorial representation by States was intended to meet regional objections to domination by large States. This argument still applies and the larger States have a remedy in their greater representation in the House."

Virginia, the Blackstone Courier-Record: " * * * Alaska's claim is worth the serious consideration of every citizen."

Washington, the Tacoma News Tribune: "Old Glory would have less than 48 stars today had Congress in years gone by applied some of the rules that now are suggested by Congressmen trying to beat statehood."

West Virginia, the Grantsville Chronicle: "The merits of the case seem to be indisputable."

Wisconsin, the Sheboygan Press: "Statehood would be a rich reward for a noble group that has steadfastly toiled to develop Alaska into a region worthy indeed of becoming our 49th State."

Wyoming, the Sheridan Press: "Although Alaska's population is comparatively small, and the area is huge, presenting some problems, statehood status was long overdue."

Mr. JACKSON. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a telegram which Committee Counsel Stewart French, of the Committee on Interior

and Insular Affairs, sent to the Secretary of the Interior, and the reply of the Secretary of the Interior.

There being no objection, the telegram and letter were ordered to be printed in the RECORD, as follows:

SENATE INTERIOR COMMITTEE,
June 23, 1958.

Hon. FREDERICK A. SEATON,
Secretary of the Interior,
Department of the Interior,
Washington, D. C.:

Senator JACKSON, chairman of Territories Subcommittee, has instructed me to ask you for written opinion from Interior Department on effect of July 3 date. Senator also points out that time of essence and requests full and speedy compliance as possible with subcommittee request.

STEWART FRENCH,
Committee Counsel.

THE SECRETARY OF THE INTERIOR,
Washington, June 25, 1958.

Hon. HENRY M. JACKSON,
United States Senate,
Washington, D. C.

DEAR SENATOR JACKSON: Thank you for your telegram concerning section 7 of H. R. 7999—the Alaska statehood bill. I am advised there is no reason to amend the July 3 date which appears in section 7. This is particularly true in view of the fact that the Senate is now debating H. R. 7999 and the Acting Majority Leader has announced that he hopes the bill can be considered fully and passed during this week.

Further, I am informed that the July 3 date was placed in H. R. 7999 at the request of some Alaskans who wanted the first official notification of passage of the bill received in Alaska on July 4. This would be a symbol to the world of our continued adherence to the beliefs of our founding fathers—to the principles of representation and the full enjoyment of all the rights, privileges, and immunities of our Republic in form of government.

In any event, I am also advised that compliance with section 7 by the President on or before July 3 is not essential; the primary objective of that section is that official notification be sent to the Governor of Alaska upon enactment of the bill. The intent of the section would not be defeated if such notification is given after July 3.

It would be unfortunate, indeed, if Alaska's hopes and dreams for political equality could be frustrated because of what some might interpret to be an overabundance of patriotic zeal. Therefore, it is my hope that the Senate can adopt H. R. 7999 without amendment.

Sincerely,

FRED A. SEATON,
Secretary of the Interior.

Mr. JACKSON. Mr. President, the Senate is about to cast a historic vote which will grant statehood to Alaska. Only historians will be able truly to evaluate this act. I do not believe there is a Member of the Senate who can assess the great good that has been done today or all the benefits that will accrue to the people of Alaska and to all Americans by our action. People throughout the world will herald statehood for Alaska as dramatic proof of the dynamic characteristics of democracy in America.

I should like personally to express my deep appreciation to the acting majority leader, the Senator from Montana [Mr. MANSFIELD] and to the minority leader, the Senator from California [Mr. KNOWLAND], as well as to the ranking minority member of the subcommittee who han-

dled this matter on the Republican side of the aisle, the distinguished Senator from California [Mr. KUCHEL]; likewise, to the chairman of the full committee, the distinguished Senator from Montana [Mr. MURRAY]; to the members of the subcommittee, and to the members of the full committee, who have been so helpful.

I wish to mention particularly the distinguished junior Senator from Idaho [Mr. CHURCH], who has been so helpful throughout the debate, and other members of the subcommittee, as well.

I think when we consider the historic situation today, it is well to call attention to the fact that one of the ardent supporters of statehood has been the distinguished senior Senator from Arizona. He remembers the long, hard fight for statehood for his great State. It has been 46 years since the last State was admitted—Arizona. I think we can be proud tonight to have in the Chamber the man who has served that State continuously in the House of Representatives and in the Senate since the last act of statehood was passed by Congress. I refer, of course, to the distinguished senior Senator from Arizona, the President pro tempore, CARL HAYDEN. We are all proud of the able assistance which he has given to us.

It would be impossible to enumerate all the persons who have ably assisted in the passage of this legislation. But I think it would be a mistake, indeed, if I did not call attention to some of the persons who, year in and year out, have fought hard for statehood for Alaska.

I refer, first of all, to Delegate Bartlett; to former Gov. Ernest Gruening; to Senator Egan who is Senator-elect under the Tennessee plan, together with Senator-elect Gruening; and to Representative-elect Rivers.

I express my deep appreciation also to the Secretary of the Interior, Hon. Fred Seaton, and to his staff, who so ably assisted us in all matters connected with statehood; and to the Governor of Alaska, Hon. Michael A. Stepovich, who has given his full support to statehood.

In any fair appraisal of the Alaska statehood bill, one fact stands out very clear. Our work to date has not been the product of a single party. It has been the product of a bipartisan majority. This demonstrates again that Americans can close ranks on the truly great issues.

This is not a Republican victory; it is not a Democratic victory; it is not simply a victory for Alaskans. Mr. President, it is a victory for all Americans and for the Democratic process.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER (Mr. NEUBERGER in the chair). The question is on the passage of the bill. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Tennessee [Mr. GORE], the Senator from Texas [Mr. JOHNSON], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Florida [Mr. SMATHERS], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I further announce that, if present and voting, the Senator from Texas [Mr. JOHNSON], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Texas [Mr. YARBOROUGH] would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from Nevada [Mr. MALONE] is absent on official business.

The Senator from Vermont [Mr. FLANDERS] is absent because of death in the family.

The Senator from West Virginia [Mr. HOBLITZELL] is absent because of illness.

The Senator from New York [Mr. IVES] and the Senator from Indiana [Mr. JENNER] are necessarily absent.

The Senator from Maryland [Mr. BEALL] and the Senator from Nebraska [Mr. CURTIS] are detained on official business.

If present and voting the Senator from Vermont [Mr. FLANDERS] and the Senator from Nebraska [Mr. CURTIS] would each vote "yea."

The Senator from New York [Mr. IVES] is paired with the Senator from Maryland [Mr. BEALL]. If present and voting, the Senator from New York would vote "nay," and the Senator from Maryland would vote "yea."

The Senator from West Virginia [Mr. HOBLITZELL] is paired with the Senator from Nevada [Mr. MALONE]. If present and voting, the Senator from West Virginia would vote "yea," and the Senator from Nevada would vote "nay."

The result was announced—yeas 64, nays 20, as follows:

YEAS—64

Aiken	Hayden	Morse
Allott	Hennings	Morton
Anderson	Hickenlooper	Mundt
Barrett	Hill	Murray
Bennett	Holland	Neuberger
Bible	Hruska	Pastore
Bricker	Humphrey	Payne
Capehart	Jackson	Potter
Carlson	Javits	Proxmire
Carroll	Jordan	Purtell
Case, N. J.	Kefauver	Revercomb
Case, S. Dak.	Kennedy	Smith, Maine
Chavez	Kerr	Smith, N. J.
Church	Knowland	Sparkman
Clark	Kuchel	Symington
Cotton	Langer	Thye
Dirksen	Lausche	Watkins
Douglas	Long	Wiley
Dworshak	Magnuson	Williams
Frear	Mansfield	Young
Goldwater	Martin, Iowa	
Green	McNamara	

NAYS—20

Bridges	Ervin	Russell
Bush	Fulbright	Saltonstall
Butler	Johnston, S. C.	Schoeppel
Byrd	Martin, Pa.	Stennis
Cooper	McClellan	Talmadge
Eastland	Monroney	Thurmond
Ellender	Robertson	

NOT VOTING—12

Beall	Hoblitzell	Malone
Curtis	Ives	O'Mahoney
Flanders	Jenner	Smathers
Gore	Johnson, Tex.	Yarborough

So the bill (H. R. 7999) was passed. [Manifestations of applause in the galleries.]

The PRESIDING OFFICER. The occupants of the galleries will preserve order.

Mr. JACKSON. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. KNOWLAND. Mr. President, I move to lay on the table the motion to reconsider.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Without objection, Senate bill 49 is indefinitely postponed.

DEVELOPMENT OF MINERAL RESOURCES OF THE UNITED STATES

The PRESIDING OFFICER. The Chair lays before the Senate unfinished business, which will be stated.

The LEGISLATIVE CLERK. A bill (S. 3817) to provide a program for the development of the mineral resources of the United States, its Territories, and possessions by encouraging exploration for minerals, and for other purposes.

AMENDMENT OF SMALL BUSINESS ACT OF 1953

Mr. MANSFIELD. Mr. President, for the information of the Senate, the next order of business will be Calendar No. 1748, House bill 7963. I ask unanimous consent that the unfinished business be laid aside, and that Calendar No. 1748 be made the pending business.

The PRESIDING OFFICER. The bill will be read by title, for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 7963) to amend the Small Business Act of 1953, as amended.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill (H. R. 7963) to amend the Small Business Act of 1953, as amended, which had been reported from the Committee on Banking and Currency with amendments.

Mr. MANSFIELD. Mr. President, let me state that it is possible that in connection with the consideration of House bill 7963, there will be a yea-and-nay vote.

Mr. President—

The PRESIDING OFFICER. The Senator from Montana.

LEGISLATIVE PROGRAM

Mr. MANSFIELD. Mr. President, after consultation with the distinguished minority leader, I wish to inform the Senate that after the disposition of the bill amending the Small Business Act of 1953, the Senate will then consider the District of Columbia appropriation bill, Calendar 1799, House 12948, and a number of noncontroversial measures on the unanimous-consent calendar.

I ask unanimous consent that a list of these measures be printed at this point in the RECORD, so all Members of the Senate may, when they read the RECORD tomorrow morning, know what the program for the remainder of the week will be.

The PRESIDING OFFICER. Is there objection?

There being no objection, the list was ordered to be printed in the RECORD, as follows:

LEGISLATION TO BE SCHEDULED

The following bills appear to be noncontroversial or subject to only limited debate:

JUDICIARY COMMITTEE

1. Calendar No. 1772, H. R. 982, amending section 77 (c) (6) of the Bankruptcy Act.
2. Calendar No. 1773, S. 3728, incorporating the Big Brothers of America.
3. Calendar No. 1779, H. R. 10154, empowering the Judicial Conference to study and recommend changes in and additions to rules and practice procedure in the Federal courts.

FOREIGN RELATIONS COMMITTEE

1. Calendar No. 1785, Senate Resolution 293, requesting the Secretary of State to express the interest of the Senate in the completion of the loop road linking the Glacier National Park in the United States and the Waterton Lakes National Park in Canada.
2. Calendar No. 1786, S. 3608, reviving and reenacting authorization for the construction by the State of Maine of a highway bridge between Lubec, Maine, and Campobello Island, Canada.
3. Calendar No. 1787, S. 3437, authorizing the State of Minnesota to construct and operate a free highway bridge between International Falls, Minn., and Fort Frances, Canada.

PUBLIC WORKS COMMITTEE

1. Calendar No. 1789, S. 3177, authorizing the modification of the Crisfield Harbor, Md., project.
2. Calendar No. 1781, S. 2117, directing the Secretary of the Army to transfer certain buildings to the Crow, Creek, Sioux Indian Tribe.
3. Calendar No. 1792, H. R. 11936, extending the time for collection of tolls on a bridge across the Missouri River at Brownville, Nebr.
4. Calendar No. 1792, H. R. 11861, authorizing the city of Chester, Ill., to construct new approaches to a bridge across the Mississippi River at Chester.

INTERIOR COMMITTEE

1. Calendar No. 1781, S. 3203, revesting title to minerals in the Indian tribes within the Wind River Indian Reservation, Wyo.

INTERSTATE AND FOREIGN COMMERCE COMMITTEE

1. Calendar No. 1794, S. 3919, amending section 1105 (b) of title 9 of the Merchant Marine Act of 1936, to implement the pledge-of-faith clause.

2. Calendar No. 1797, S. 3499, amending the vessel admeasurement laws relating to water ballast spaces.

3. Calendar No. 1798, H. R. 12311, amending the act of September 7, 1950, relating to the construction of a District of Columbia public airport.

In addition, Calendar No. 1799, H. R. 12948, the District of Columbia appropriations bill, was reported on June 27, 1958.

The Defense, Public Works, and Legislative appropriation bills have not yet been reported from committee; the Independent Offices and Labor-HEW appropriation bills are still in conference.

ORDER FOR ADJOURNMENT UNTIL TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate concludes its business tonight, it adjourn until tomorrow, at 12 o'clock noon.

The PRESIDING OFFICER. Without objection, it is so ordered.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 2, 1958
For actions of July 1, 1958
85th-2d, No. 109

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HIGHLIGHTS: House debated mutual security appropriation bill. House committee reported area redevelopment bill. Senate passed bill to make Small Business Administration permanent agency.

HOUSE

1. APPROPRIATIONS. Began debate on H. R. 13192, the mutual security appropriation bill for 1959. (pp. 11630-664, 11674-675) As reported by the Appropriations Committee, the bill includes \$300,000,000 for advances to the development loan fund, \$171,500,000 for technical cooperation programs, and \$2,100,000 for the payment of ocean freight charges to move supplies donated to and by American voluntary agencies.
2. AREA REDEVELOPMENT. The Banking and Currency Committee reported with amendment S. 3683, to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas (H. Rept. 2099). p. 11678
3. MILITARY CONSTRUCTION. The Rules Committee reported a resolution for consideration of H. R. 13015, to authorize construction at military installations, including authorization for financing from the foreign currencies acquired under Public Law 480 or through other commodity transactions of CCC. p. 11678, 11665

4. FLOOD CONTROL. The Public Works Committee ordered reported H. R. 9924, to authorize a compact between Conn. and Mass. relating to flood control. p. D622, 11666
5. IMPORTS. Conferees were appointed on H. R. 6006, to provide for greater certainty, speed, and efficiency in the enforcement of the Antidumping Act. Senate conferees have not yet been appointed. p. 11665
6. FOREIGN TRADE; SURPLUS COMMODITIES. Rep. Reuss expressed concern over the effects of Public Law 480 transactions on certain friendly foreign countries, and urged the Agriculture Committee to include a provision in legislation extending the program to require "reasonable precautions to avoid displacing usual marketings of foreign countries." pp. 11675-676
7. STATEHOOD. Delegate Burns, Hawaii, commended the admission of Alaska as a State, and urged passage of similar legislation for the admission of Hawaii. p. 11667
8. SURPLUS COMMODITIES. Received from this Department the first monthly report of the General Sales Manager concerning the policies, activities, and developments, including all sales and disposals, with regard to each commodity which CCC owns or is directed to support; to Agriculture Committees. pp. 11554, 11677
9. FOREIGN AID. Received from the Deputy Manager of the Development Loan Fund, letters relative to the establishment of loans for Paraguay, Pakistan, and Thailand under provisions of the Mutual Security Act of 1954. p. 11677
10. DATA PROCESSING. Both Houses received from GAO a report on a survey made by that agency of the progress and trend of development and use of automatic (electronic) data processing in the business and management control systems of the Government. pp. 11554, 11677
11. FOREIGN TRADE. Both Houses received from the Tariff Commission a report on the operation of the trade agreements program. pp. 11554, 11677

SENATE

12. FORESTRY. Sen. Murray commended the Forest Service, commented on a progress report concerning the Northern Region, and inserted an editorial, "Access Roads Needed For Best Forest Use." pp. 11561-2
13. SMALL BUSINESS. Passed with amendments H. R. 7963, to make the Small Business Administration a permanent agency and increase the SBA loan authority (pp. 11558, ~~11589~~, 11595-601, 11606-15).
Adopted the following amendments in addition to the committee amendments:
By Sen. Javits, to authorize assistance by SBA in joint research and development programs (pp. 11597-11601);
By Sen. Thyne, 55 to 26, to make the SBA a permanent agency (pp. 11606-10);
By Sen. Morse, to make the act applicable to sales of property by the Government, which Sen. Murray had stated earlier was the result of complaints about timber sales (p. 11558) (pp. 11610-11); and
By Sen. Capehart, to retain the Loan Policy Board of the Administrator and the Secretaries of the Treasury and Commerce (pp. 11611-12)
Rejected an amendment by Sen. Bush to retain the present loan limit of \$250,000 in place of the \$350,000 suggested by the Committee (pp. 11612-13).

Senate conferees were appointed (p. 11615). House conferees have not been appointed.

14. CIVIL DEFENSE. Passed without amendment H. R. 12827, to extend the standby emergency authorities of the Federal Civil Defense Administration until June 30, 1962. A similar bill, S. 4602, was indefinitely postponed. This bill will now be sent to the President. p. 11581
15. WEATHER CONTROL. Concurred in the House amendments to S. 86, to authorize a weather modification research program under the direction of the National Science Foundation. This bill will now be sent to the President. pp. 11581-4
16. GRAIN STANDARDS. Concurred in the House amendments to S. 2007, to amend the Grain Standards Act to permit the collection of charges to reimburse the Department for overtime, travel, and certain other costs in connection with handling inspection appeals. This bill will now be sent to the President. pp. 11626-7
17. APPROPRIATIONS. Passed as reported H. R. 12948, the D. C. appropriation bill for 1959. pp. 11584-9
18. TRADE AGREEMENTS. Sens. Sparkman and Watkins discussed the state of the textile industry, import competition, and the President's letter to House Speaker Martin in 1955 promising to administer the Reciprocal Trade Agreements Program to benefit the American economy and not jeopardize any industry. pp. 11617-18
19. PERSONNEL. The Post Office and Civil Service Committee ordered reported S. 4004, to encourage the transfer of Federal employees for service with International organizations, and H. Con. Res. 175, to establish a code of ethics for Government personnel. p. D620
20. STATEHOOD. Sen. Smith, N. J., commended passage of the Alaska statehood bill. p. 11559
Sens. Church and Neuberger commended the efforts of certain Alaskans in the passage of the Alaskan statehood bill. pp. 11627-9
Sen. Watkins urged statehood for Hawaii. p. 11629
21. FLORAL EMBLEM. Sen. Douglas urged adoption of the golden corn tassel as the national floral emblem, read a poem, "Columbia's Emblem," and inserted an article on the importance of corn in America. pp. 11562-3
22. MINERALS. S. 3817, to provide stabilization payments to mineral producers, remained the Senate's unfinished business. pp. 11587, 11589, 11616, 11626.
23. LEGISLATIVE PROGRAM. Sen. Mansfield stated that S. 3916, to extend for 2 years provisions of the Shipping Act of 1916 relating to dual rate contract arrangements, would be considered Wed. or Thurs. (p. 11629).

ITEMS IN APPENDIX

24. ELECTRIFICATION. Sen. Sparkman inserted an article describing the headway TVA has made in the repayment of funds advanced by Congress for various projects. pp. A5957-8

25. LANDS. Extension of remarks of Sen. Neuberger urging immediate passage of legislation for the orderly disposal of Klamath Indian lands, and inserting an article on this subject. pp. A5961-2
26. NATIONAL FLOWER. Rep. McIntosh inserted his statement in support of H. J. Res. 625, to designate the rose as our national flower. p. A5969
27. LAW. Rep. Lane inserted a AFL-CIO and a Railway Labor Executives' Ass'n letter opposing the passage of H. R. 3, to establish rules of interpretation governing questions of the effect of Acts of Congress on State laws. pp. A5970, A5972-3
28. STATEHOOD. Extension of remarks of Rep. Broomfield expressing "great pleasure" over the approval of statehood for Alaska. p. A5971
29. PRICE SUPPORTS. Extension of remarks of Rep. Johnson, Wis., commending and inserting an article, "Who Gets Government Subsidies?" and stating that "it goes into some detail to point out that many, many costs laid at the feet of the Nation's farmers are actually for programs which benefit all of us such as the forestry service; the school lunch; and milk program; ..." pp. A5981-2

BILLS INTRODUCED

30. PROPERTY. S. 4089, by Sen. Kerr (for himself and Sen. Monroney), to amend the Federal Property and Administrative Services Act of 1949 so as to permit donations of surplus property to libraries which are tax supported or publicly owned and operated; to Government Operations Committee.
H. R. 13230, by Rep. Dawson, Ill. (by request), to amend the Federal Property and Administrative Services Act of 1949, as amended, to promote the utilization of excess property and to simplify the reimbursement procedure for transfers of such property; to Government Operations Committee.
31. PROCEDURE. S. 4094, by Sen. Ervin (for himself and Sen. Butler), to recodify, with certain amendments thereto, chapter 19 of title 5 of the United States Code, "Administrative Procedure"; to Judiciary Committee.
32. BUILDINGS. H. R. 13231, by Rep. Ikard, to provide for the erection of a Federal and Post Office Building in Denton, Tex.; to Public Works Committee.
33. FLOOD CONTROL. H. R. 13236, by Rep. Byrne, Ill., to authorize the Secretary of the Army to conduct a flood control survey of the Stoney Creek watershed, Ill.; to Public Works Committee.
34. FORESTS. H. R. 13238, by Rep. Dixon, providing for the reconveyance to Salt Lake City, Utah, of the Forest Service fire warehouse lot in that city; to Agriculture Committee.
35. LANDS. H. R. 13251, by Rep. Miller, Neb., to provide that certain penalty charges against lands on Federal reclamation projects shall be nonreimbursable; to Interior and Insular Affairs Committee.
36. FOOD ADDITIVES. H. R. 13254, by Rep. Williams, Miss., to protect the public health by amending the Federal Food, Drug, and Cosmetic Act to prohibit the use in food of additives which have not been adequately tested to establish their safety; to Interstate and Foreign Commerce Committee.

cial Conference to convene such institutes and joint councils for the purpose of studying, discussing, and formulating the objectives, policies, standards, and criteria for sentencing those convicted of crimes and offenses in the courts of the United States. The agenda of the institutes and joint councils may include but shall not be limited to: (1) The development of standards for the content and utilization of presentence reports; (2) the establishment of factors to be used in selecting cases for special study and observation in prescribed diagnostic clinics; (3) the determination of the importance of psychiatric, emotional, sociological, and physiological factors involved in crime and their bearing upon sentences; (4) the discussion of special sentencing problems in unusual cases such as treason, violation of public trust, subversion, or involving abnormal sex behavior, addiction to drugs or alcohol, and mental or physical handicap; (5) the formulation of sentencing principles and criteria which will assist in promoting the equitable administration of the criminal laws of the United States.

"(b) After the Judicial Conference has approved the time, place, participants, agenda, and other arrangements for such institutes and joint councils, the chief judge of each circuit is authorized to invite the attendance of district judges under conditions which he thinks proper and which will not unduly delay the work of the courts.

"(c) The Attorney General is authorized to select and direct the attendance at such institutes and meetings of United States attorneys and other officials of the Department of Justice and may invite the participation of other interested Federal officers. He may also invite specialists in sentencing methods, criminologists, psychiatrists, penologists, and others to participate in the proceedings.

"(d) The expenses of attendance of judges shall be paid from applicable appropriations for the judiciary of the United States. The expenses connected with the preparation of the plans and agenda for the conference and for the travel and other expenses incident to the attendance of officials and other participants invited by the Attorney General shall be paid from applicable appropriations of the Department of Justice."

SEC. 2. The chapter analysis of chapter 15 of title 28, United States Code, is amended by inserting before section 331 the following item:

"334. Institutes and joint councils on sentencing."

SEC. 3. That chapter 311 of title 18, United States Code, is amended by adding the following section:

"SEC. 4208. Fixing eligibility for parole at time of sentencing

"(a) Upon entering a judgment of conviction, except where the death penalty is mandatory, the court having jurisdiction to impose sentence, when in its opinion the ends of justice and best interests of the public require that the defendant be sentenced to imprisonment for a term exceeding 1 year, may (1) designate in the sentence of imprisonment imposed a minimum term at the expiration of which the prisoner shall become eligible for parole, which term may be less than, but shall not be more than one-third of the maximum sentence imposed by the court, or (2) the court may fix the maximum sentence of imprisonment to be served, in which event the court may specify that the prisoner may become eligible for parole at such time as the board of parole may determine.

"(b) If the court desires more detailed information as a basis for determining the sentence to be imposed, the court may commit the defendant to the custody of the Attorney General, which commitment shall be deemed to be for the maximum sentence of imprisonment prescribed by law, for a

study as described in subsection (c) hereof. The results of such study, together with any recommendations which the Director of the Bureau of Prisons believes would be helpful in determining the disposition of the case, shall be furnished to the court within 3 months unless the court grants time, not to exceed an additional 3 months, for further study. After receiving such reports and recommendations, the court may in its discretion: (1) Place the prisoner on probation as authorized by section 3651 of this title, or (2) affirm the sentence of imprisonment originally imposed, or reduce the sentence of imprisonment, and commit the offender under any applicable provision of law. The term of the sentence shall run from date of original commitment under this section.

"(c) Upon commitment of a prisoner sentenced to imprisonment under the provisions of subsection (a), the Director, under such regulations as the Attorney General may prescribe, shall cause a complete study to be made of the prisoner and shall furnish to the board of parole a summary report together with any recommendations which in his opinion would be helpful in determining the suitability of the prisoner for parole. This report may include but shall not be limited to data regarding the prisoner's previous delinquency or criminal experience, pertinent circumstances of his social background, his capabilities, his mental and physical health, and such other factors as may be considered pertinent. The board of parole may make such other investigation as it may deem necessary.

"It shall be the duty of the various probation officers and Government bureaus and agencies to furnish the board of parole information concerning the prisoner, and, whenever not incompatible with the public interest, their views and recommendations with respect to the parole disposition of his case.

"(d) The board of parole having jurisdiction of the parole may promulgate rules and regulations for the supervision, discharge from supervision, or recommitment of paroled prisoners."

SEC. 4. That chapter 311 of title 18, United States Code, is amended by adding the following section:

"SEC. 4209. Young adult offenders

"In the case of a defendant who has attained his 22d birthday but has not attained his 26th birthday at the time of conviction, if, after taking into consideration the previous record of the defendant as to delinquency or criminal experience, his social background, capabilities, mental and physical health, and such other factors as may be considered pertinent, the court finds that there is reasonable grounds to believe that the defendant will benefit from the treatment provided under the Federal Youth Corrections Act (18 U. S. C. Chap. 402) sentence may be imposed pursuant to the provisions of such act."

SEC. 5. The chapter analysis of chapter 311 of title 18 is amended by inserting before section 4201 the following items:

"4208. Fixing eligibility for parole at time of sentencing.

"4209. Young adult offenders."

SEC. 6. Sections 3 and 4 of this act shall apply in the continental United States other than Alaska, and in the District of Columbia so far as they relate to persons charged with or convicted of offenses under any law of the United States not applicable exclusively to the District of Columbia.

The statement presented by Mr. HENNINGS is as follows:

STATEMENT BY SENATOR HENNINGS

The long-standing problem of excessive disparities in the sentences imposed by our

courts is one which has engaged the attention of judicial groups, legal authorities, criminologists and others for decades. The existence of such disparities tends to create the feeling that the administration of justice is somewhat less than evenhanded and also serves to interfere seriously with the purpose of sentences in protecting the public. If we are to make meaningful the motto above the majestic columns of the Supreme Court Building, "Equal Justice Under Law," we must find, it seems to me, an improved method of sentencing in Federal courts.

During visits to the various Federal penitentiaries, the wardens, without exception, pointed out to me the wide variation in sentences for similar crimes given to individuals with substantially the same background and prior record. I have attended a number of institutional classification committee meetings where rehabilitative activities are outlined for prisoners, and I have personally noted the wide differences in the sentences received by like persons for like crimes. In some cases the sentences were so long that the prisoner was left without hope or incentive to better himself. In other cases the sentences were much too short to enable the institutional staff to train the prisoners to take their places in the community as law-abiding and self-respecting citizens. The psychiatric staffs of the institutions commented to me in several cases how difficult it would be, during the short time imposed by some courts which are unfamiliar with the problems involved or with institutional facilities, to change the hostile, bitter attitudes of some of the younger men being sent to prison.

The prevalence of such disparities inevitably weakens respect for the administration of justice and, as a result, much of the potential for the prevention of crime inherent in wholesome respect for the law is not realized. It also must be concluded that the chief victim of the consequences of sentence disparities is the general public, whose safety has not been adequately protected by sentences which do not equitably serve the purposes of deterrence, incapacitation, or reformation.

The joint resolution which I am introducing was developed by the Federal Advisory Corrections Council, a statutory body composed of Federal judges, Department of Justice officials, and others associated with the administration of justice. The proposals contained in the joint resolution grew out of many previous studies on this problem. The inequities and inadequacies of Federal sentencing procedures have been a matter of concern to the Department of Justice and its Attorneys General in every administration for decades, and the Judicial Conference of the United States has studied this problem continuously and intensively since 1938. The joint resolution has the support and approval of the Attorney General of the United States; the Judicial Conference of the United States; the Department of Health, Education, and Welfare; the Administrative Office of the United States Courts; the American Bar Association, as well as many other national organizations.

The first section of the joint resolution would authorize the establishment of joint institutes and councils on sentencing, under the auspices of the Judicial Conference of the United States. Briefly, the joint resolution would give congressional approval to arrangements by which Federal judges, selected Department of Justice personnel, and other professional persons could assemble together periodically to study data concerning crime, criminals, and sentences, and to work out by discussion such sentencing principles and criteria as would bring about a more equitable administration of the criminal laws of the United States.

Another section of the joint resolution would provide the judge with alternative

procedures in sentencing convicted offenders to imprisonment. The judge could sentence as at present, by fixing the maximum term and leaving parole eligibility at one-third of this maximum. Or he could set any maximum term up to the statutory limit and at the same time specify a parole eligibility date falling at any time up to one-third of the court-imposed maximum. Third, he could set only the maximum term and specify that the parole eligibility date would be determined by the Board of Parole.

This procedure in the case of a serious chronic offender would permit the judge to set both the maximum term and the parole eligibility date at the statutory limits. In more hopeful cases, the judge could impose a sentence to imprisonment of reasonable length and specify a parole eligibility date which could be earlier than one-third of the maximum. In doubtful cases the judge could set a long maximum term and leave the matter of parole eligibility to the determination of the parole board. These alternatives would furnish the judge with the procedures necessary to fit the sentence to the requirements of the individual offender and at the same time provide desirable safeguards for the protection of the public.

The joint resolution also contains a provision which would make it possible for the court, when confronted with the necessity of making a sentence determination in a particularly difficult case, to commit the defendant (technically under the statutory maximum term) to the Attorney General for a complete study over a period of 3 to 6 months. At the completion of this period, armed with a summary of this study, the judge would be authorized to impose a final sentence under any applicable statute. At the present time, the judge is powerless to modify a sentence later than 60 days after it has begun, which is too brief a time to study and observe the prisoner thoroughly.

A fourth provision would authorize the court to impose sentence under the Youth Corrections Act in the cases of selected defendants between the ages of 22 and 26. At present the act is applicable only to those under the age of 22 at time of conviction. This proposal does not contemplate a general extension of the Youth Act, but would make it possible for the judge, when a defendant comes before him who is particularly suitable for the treatment directed by that act, to sentence him under its provisions. Many judges have reported that a number of defendants come before them who are chronologically too old to be sentenced under the Youth Act but who are emotionally so immature as to make suitable subjects for this type of correctional treatment. This provision is intended to cover such cases.

In summary, enactment of the proposals embodied in the joint resolution would furnish Federal judges with more background data concerning crime, criminals, and sentences; would equip them with more adequate resources in securing detailed information concerning individual defendants; and would give them additional procedures by which to fit sentences more closely to the requirements of each case and the protection of the public.

I should like to emphasize that this proposed legislation would take away none of a judge's present power over sentencing. The joint resolution preserves the prerogatives of the Federal courts by retaining in the judiciary primary control over sentencing. Its provisions would supplement rather than replace existing procedures and are intended only to make available to the judge additional methods and facilities which he may use at his discretion.

Nor does the joint resolution represent a soft or coddling approach toward crime and criminals. At the present time too many prisoners must be released at the end of

their terms, less statutory time, when it may still be apparent that they will commit further crimes. Others must serve sentences which are so long that by the time their mandatory release dates arrive (eventually and inevitably in most cases), the men have become deeply embittered and perhaps confirmed in criminality. The new procedures are intended to safeguard the public by tying release more directly to completed rehabilitation rather than to fixed and arbitrary release dates.

The Senator from North Dakota [Mr. LANGER] and I earnestly hope that the joint resolution will receive early and favorable consideration.

AGRICULTURAL ACT OF 1958— AMENDMENT

Mr. JOHNSTON of South Carolina submitted an amendment, intended to be proposed by him, to the bill (S. 4071) to provide more effective price, production adjustment, and marketing programs for various agricultural commodities, which was ordered to lie on the table and to be printed.

MISBRANDING AND FALSE ADVERTISING OF FIBER CONTENT OF TEXTILE FIBER PRODUCTS— AMENDMENT

Mr. BRIDGES (for himself, Mr. CORTON, Mr. MARTIN of Pennsylvania, and Mr. TALMADGE) submitted an amendment, intended to be proposed by them, jointly, to the bill (H. R. 469) to protect producers and consumers against misbranding and false advertising of the fiber content of textile fiber products, and for other purposes, which was ordered to lie on the table, and to be printed.

AMENDMENT OF SMALL BUSINESS ACT OF 1953—AMENDMENTS

Mr. MURRAY. Mr. President, on behalf of myself, and Senators MANSFIELD, JACKSON, NEUBERGER, PROXMIRE, MAGNUSON, MORSE, and HUMPHREY, I submit amendments, intended to be proposed by us, jointly, to the bill (H. R. 7963) to amend the Small Business Act of 1953, as amended.

The Small Business Act aims to preserve the private enterprise system by assuring competition, free markets, and developing small business. The present law does not apply to sale of property by the Government but only to procurement.

For example, the Government sells large amounts of timber but small business is not assured of a fair proportion. I have heard from some of the small timber operators and so have my colleagues. They express the view that they are not always able to bid effectively on timber. They also have difficulty financing road construction. This amendment will bring to them the assistance of the Small Business Administration. This amendment would extend the Small Business Act to give the services of aid, counsel, and assistance to small business in the sale of Government property as is now provided in the procurement field.

It confers the broad authority on the Small Business Administration to cooperate with the other agencies in develop-

ing such procedures as may be needed.

It does not set forth a specific program in any given commodity sold by the Government.

I submit the amendment and ask that it remain at the desk for additional cosponsors.

The VICE PRESIDENT. The amendment will be received, printed, and lie on the table; and, without objection, the amendment will remain at the desk as requested by the Senator from Montana.

EXTENSION OF TRADE AGREEMENTS ACT—AMENDMENTS

Mr. MAGNUSON (for himself, Mr. JACKSON, and Mr. MORSE) submitted amendments, intended to be proposed by them, jointly, to the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, which were referred to the Committee on Finance, and ordered to be printed.

PRESERVATION AND DISPLAY OF SENATE DOCUMENTS, RECORDS, ET CETERA—ADDITIONAL COSPONSORS OF RESOLUTION

Under authority of the order of the Senate of June 26, 1958, the names of Senators ANDERSON, BARRETT, BEALL, BRICKER, BRIDGES, BUSH, CASE of New Jersey, DIRKSEN, EASTLAND, FLANDERS, GOLDWATER, HRUSKA, HUMPHREY, IVES, KENNEDY, MANSFIELD, MURRAY, PROXMIRE, and YOUNG were added as additional cosponsors of the resolution (S. Res. 318) to establish a special committee to consider the matter of preserving historical documents and records of the Senate, submitted by Mr. BENNETT on June 26, 1958.

EXEMPTION OF CERTAIN PROFESSIONAL TEAM SPORTS FROM APPLICATION OF ANTITRUST LAWS— HOLDING OF BILL AT DESK

Mr. MAGNUSON. Mr. President, I ask unanimous consent that the bill (S. 4070) to limit the applicability of the antitrust laws so as to exempt certain aspects of designated professional team sports, and for other purposes, be held in the office of the Secretary of the Senate through Monday, July 7, for the purpose of adding cosponsors. Many Senators who wish to cosponsor the bill will be leaving the city over the weekend; therefore, this action is necessary tonight.

The VICE PRESIDENT. Without objection, it is so ordered.

PRINTING AS A SENATE DOCUMENT COLLECTION OF EXCERPTS AND BIBLIOGRAPHY RELATIVE TO AMERICAN EDUCATION AND CERTAIN OTHER EDUCATIONAL SYSTEMS (S. DOC. NO. 109)

Mr. MUNDT. Mr. President, I have had prepared by the Legislative Reference Service of the Library of Congress a collection of excerpts and a bibliography relative to American education

others who serve in the field of government.

After the first 2½ years of his service, I urged Chairman Strauss not to leave that work. But he sought to do so at that time. I was delighted when, later, he returned, in compliance with the invitation of President Eisenhower.

I have been delighted to work with him. It has been a fine experience. I regret that at this time he sees fit to leave the service of his Government.

I hope—as was expressed a moment ago by the Senator from Iowa—that the services of Chairman Strauss will be at the call of his Government, and that they will be availed of in the weeks, months, and years ahead.

Mr. President, Lew Strauss should be very proud of the work he has done, as we are proud of what he has accomplished.

Mr. THYE. Mr. President, will the Senator from Pennsylvania yield to me?

Mr. CLARK. I yield.

Mr. THYE. Mr. President, I wish to join the distinguished Senator from Iowa [Mr. HICKENLOOPER], the distinguished Senator from Massachusetts [Mr. SALTONSTALL], and the distinguished Senator from Ohio [Mr. BRICKER] in paying a well deserved tribute to Adm. Lewis Strauss, an able administrator who has rendered a great public service as Chairman of the Atomic Energy Commission.

I was privileged to become acquainted with Adm. Strauss during my service as a Member of the Senate and, in particular, as a member of the Appropriations Committee, and also when I served as chairman of the Select Committee on Small Business.

I have dealt with Adm. Strauss and his board members in my capacity as Chairman of the Small Business Committee, in connection with our endeavors to use the knowledge of the Atomic Energy Commission and its technicians and advisers in assisting small business to be a part of, and to participate in, the development of nuclear power in the private enterprise field.

I found Admiral Strauss to be not only a profound student, but also most receptive to new thoughts and ideas, and most able in aiding and assisting the small business firms in their endeavors to understand the atomic age and all that is involved in this new field.

Mr. President, on next Sunday, July 6, we shall take part in a program at Elk River, Minn., where ground will be broken for a new plant for the development of nuclear power to generate electricity to serve our rural cooperative associations and a vast area in the State of Minnesota. Mr. President, the Chairman of the Atomic Energy Commission has aided in piloting this new venture on its course.

Therefore, it is with regret that I see this able and distinguished leader in the atomic-energy field retire from his present assignment. I wish him well; and I know he will serve not only mankind but also the Nation very ably in the future, in some capacity which will be worthwhile to all.

Mr. JAVITS. Mr. President, will the Senator yield to me on the same subject for 30 seconds?

Mr. CLARK. I yield to the Senator from New York for 30 seconds. I know he is just as anxious as I am to get on with the unfinished business.

Mr. JAVITS. I could not help speaking just a word about Lewis Strauss, who is a very distinguished New Yorker, whom I have known for a long time in community and religious affairs. He was for a long time a leader in a prominent temple in New York City. I also knew him as an admiral in the Navy, when I dealt with him while I was in the Army.

It is deeply gratifying for a fellow New Yorker to hear the praise which Admiral Strauss so justly deserves, and to hear his services to humanity and to the Nation signalized by such distinguished leaders as Members of the Senate.

Nothing would please him more, nothing would be a greater recompense to a man like Admiral Strauss, than the fine words of praise which are an acknowledgment of the critically vital service which he has rendered to his country. I wish for him in the future happiness and also continuing success in the services which he will render to our Government and the people of our country.

AMENDMENT OF SMALL BUSINESS ACT OF 1953

The Senate resumed the consideration of the bill (H. R. 7963) to amend the Small Business Act of 1953, as amended.

Mr. CLARK. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum without losing my right to the floor.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. CLARK. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CLARK. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CLARK. Mr. President, the pending bill represents a complete revision of the Small Business Act of 1953, as amended. It was passed by the House of Representatives on June 25, 1957. Extensive hearings were held last year and this year by the Small Business Subcommittee of the Banking and Currency Committee of the Senate. During the course of those hearings a great many Senate bills were also given consideration by the Banking and Currency Committee.

The bill presently before the Senate contains a number of amendments to the House bill adopted as a result of the deliberations of the Banking and Currency Committee and its Subcommittee on Small Business.

Mr. President, I ask unanimous consent that the committee amendments be

agreed to en bloc, and that the bill, as thus amended, be treated as original text for the purpose of further amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The committee amendments which were agreed to en bloc are as follows:

On page 2, line 22, after "Sec. 3." to strike out "(a)"; on page 3, line 3, after the word "business", to strike out "Where the number of employees is used as one of the criteria in making such definition for any of the purposes of this act, the maximum number of employees which a small business concern may have under the definition shall vary from industry to industry to the extent necessary to reflect differing characteristics of such industries and to take proper account of other relevant factors"; after line 9, to strike out:

(b) The Administrator shall without delay establish a new definition, in compliance with subsection (a); and if such new definition has not been established and placed in effect for all the purposes of this act within 60 days after the date of the enactment of this subsection, the definition which was in use by the Administrator for financial assistance purposes immediately prior to the date of the enactment of this subsection shall be in effect for all the purposes of this act from the end of such 60-day period until such time as the Administrator establishes and places in effect such new definition. Nothing in this subsection shall affect any small business certificate issued under this act before the enactment of this subsection, or restrict the authority of the Administrator to issue such certificates under section 8 (b) (6).

At the top of page 6, to strike out:

(d) There is hereby established a National Small Business Advisory Board, which shall advise and consult with the administration in carrying out the purposes of this act. The Board shall consist of the Administrator, as chairman, the Secretary of the Treasury, the Secretary of Commerce, and not less than 2 nor more than 6 other individuals appointed by the Administrator who are familiar with small business needs and problems and are truly representative of small business interests. The Secretary of the Treasury and the Secretary of Commerce may each designate an officer from his Department, who has been appointed by the President by and with the advice and consent of the Senate, to act in his stead as a member of the Board.

And, in lieu thereof, to insert:

(d) The Administrator shall establish general policies (particularly with reference to the public interest involved in the granting and denial of applications for financial assistance by the administration and with reference to the coordination of the functions of the administration with other activities and policies of the Government) which shall govern the granting and denial of applications for financial assistance by the administration.

On page 11, line 3, after the numeral "(9)", to strike out "to"; in line 10, after the word "temporary", to strike out "(not in excess of 6 months)" and insert "(not in excess of 1 year) or intermittent"; after line 23, to insert a new subsection, as follows:

(d) To the extent he finds it will contribute to the more effective functioning of the administration, the Administrator is author-

ized to conduct or provide training and to assign employees for training or attendance at meetings at Federal or non-Federal facilities, including public or private agencies, institutions of learning, laboratories, industrial or commercial organizations or other appropriate organizations or institutions, foreign or domestic, and, if he deems it appropriate, to pay in whole or in part, the following: The salaries of such employees for the period of training or attendance; the cost of their transportation and per diem in lieu of subsistence in accordance with the Travel Expense Act of 1949, as amended; necessary expenses incident to their training including tuition, study materials, and other customary expenses. Appropriations or other funds available to the administration for salaries and for expenses shall be available for the purpose of this subsection.

On page 14, line 21, after the word "exceed", to strike out "\$250,000" and insert "\$350,000"; in line 23, after the word "than", to strike out "5 percent per annum, and shall not be more than the rate prevailing within the Federal Reserve district where the money loaned is to be used if such prevailing rate is lower than 5 percent per annum" and insert "6 percent per annum"; on page 15, line 15, after the word "of", to strike out "\$250,000" and insert "\$350,000"; on page 17, line 21, after the word "drought", to insert "or excessive rainfall"; in line 24, after the word "drought", to insert "or excessive rainfall"; on page 18, line 6, after the word "drought", to insert "or excessive rainfall"; in line 14, after the word "drought", to insert "or excessive rainfall"; on page 24, line 11, after the word "act", to strike out the comma and "in addition to the National Small Business Advisory Board established by section 4 (d)"; after line 19, to insert a new section, as follows:

SEC. 9. (a) Research and development are major factors in the growth and progress of industry and the national economy. The expense of carrying on research and development programs is beyond the means of many small-business concerns, and such concerns are handicapped in obtaining the benefits of research and development programs conducted at Government expense. These small-business concerns are thereby placed at a competitive disadvantage. This weakens the competitive free enterprise system and prevents the orderly development of the national economy. It is the policy of the Congress that assistance be given to small-business concerns to enable them to undertake and to obtain the benefits of research and development in order to maintain and strengthen the competitive free enterprise system and the national economy.

(b) It shall be the duty of the Administration, and it is hereby empowered—

(1) to assist small-business concerns to obtain Government contracts for research and development; and

(2) to assist small-business concerns to obtain the benefits of research and development performed under Government contracts or at Government expense.

(c) The Administration is authorized to consult and cooperate with all Government agencies and to make studies and recommendations to such agencies, and such agencies are authorized and directed to cooperate with the Administration in order to carry out and to accomplish the purposes of this section.

(d) (1) The Administrator is authorized to consult with representatives of small-business concerns with a view to assisting and encouraging such firms to undertake joint programs for research and develop-

ment carried out through such corporate or other mechanism as may be most appropriate for the purpose.

(2) The Administrator may, after consultation with the Attorney General and the Chairman of the Federal Trade Commission, and with the prior written approval of the Attorney General, approve any agreement between small-business firms providing for a joint program of research and development, if the Administrator finds that the joint program proposed will maintain and strengthen the free-enterprise system and the economy of the Nation. The Administrator or the Attorney General may at any time withdraw his approval of the agreement and the joint program of research and development covered thereby, if he finds that the agreement or the joint program carried on under it is no longer in the best interests of the competitive free-enterprise system and the economy of the Nation. A copy of the statement of any such finding and approval intended to be within the coverage of this subsection, and a copy of any modification or withdrawal of approval, shall be published in the Federal Register. The authority conferred by this subsection on the Administrator shall not be delegated by him.

(3) No act or omission to act pursuant to and within the scope of any joint program for research and development, under an agreement approved by the Administrator under this subsection, shall be construed to be within the prohibitions of the anti-trust laws or the Federal Trade Commission Act. Upon publication in the Federal Register of the notice of withdrawal of his approval of the agreement granted under this subsection, either by the Administrator or by the Attorney General, the provisions of this subsection shall not apply to any subsequent act or omission to act by reason of such agreement or approval.

On page 27, at the beginning of line 11, to change the section number from "9" to "10"; on page 30, at the beginning of line 10, to change the section number from "10" to "11"; on page 31, at the beginning of line 21, to change the section number from "11" to "12"; on page 32, at the beginning of line 4, to change the section number from "12" to "13"; on page 33, at the beginning of line 3, to change the section number from "13" to "14"; at the beginning of line 8, to change the section number from "14" to "15"; in line 14, after the word "capacity", to strike out "or"; in line 15, after the word "programs", to insert a comma and "or (3) to be in the interest of assuring that a fair proportion of the total purchases and contracts for property and services for the Government are placed with small-business concerns. These determinations may be made for individual awards or contracts or for classes of awards or contracts"; at the beginning of line 24, to change the section number from "15" to "16"; on page 35, after line 10, to insert a new section, as follows:

SEC. 17. Any interest held by the Administration in property, as security for a loan, shall be subordinate to any lien on such property for taxes due on the property to a State, or political subdivision thereof, in any case where such lien would, under applicable State law, be superior to such interest if such interest were held by any party other than the United States.

At the beginning of line 18, to change the section number from "16" to "18"; at the beginning of line 23, to change

the section number from "17" to "19"; on page 36, at the beginning of line 4, to change the section number from "18" to "20"; at the beginning of line 7, to change the section number from "19" to "21"; in line 9, to strike out "inconsistency." and insert "inconsistency."; after line 9, to insert a new section, as follows:

SEC. 22. (a) This act and all authority conferred thereunder shall terminate at the close of July 31, 1961, but the President may continue the Administration for purposes of liquidation for not to exceed 6 months after such termination.

(b) The termination of this act shall not affect the disbursement of funds under, or the carrying out of, any contract, commitment, or other obligation entered into pursuant to this act prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States.

And, on page 37, after line 5, to insert a new section, as follows:

SEC. 4. The Secretary of the Treasury is hereby authorized to further extend the maturity of or renew any loan transferred to the Secretary of the Treasury pursuant to Reorganization Plan No. 1 of 1957, for additional periods not to exceed 10 years, if such extension or renewal will aid in the orderly liquidation of such loan.

Mr. CLARK. Mr. President, prompt passage of this bill is a matter of urgency. The Small Business Administration arose from the ashes of the Reconstruction Finance Corporation as a result of legislation passed by the 83d Congress. Its own life will expire July 30, 1958; but as the appropriations committees of both bodies require that substantive legislation extending the life of the Small Business Administration be passed before appropriations will be recommended beyond the end of the 1958 fiscal year on June 30, it is important that this proposed legislation should become law promptly, so that employees of the Administration will not be faced with payless pay days.

The committee report, which was unanimous, sets forth the current activities of the Small Business Administration and the present status of each. The pending bill continues the four main functions of the SBA:

First. Business and disaster loans;

Second. Procurement contracts obtained by SBA and subcontracted to small business;

Third. Technical and managerial aids; and

Fourth. Assistance to small business in obtaining Government contracts.

The principal changes in existing law, together with the principal amendments made by the Committee to the House bill, are:

First. Extending the life of the SBA for 3 years, as opposed to the House provision making the SBA permanent.

Second. Increasing the loan authorization for the revolving fund of the SBA by \$120 million. This results from increasing the authorization for business loans from \$305 million to \$500 million; retaining the disaster loan authorization at \$125 million; and decreasing the authorization for prime contracts loans from \$100 million to \$25 million, inas-

much as this section of the act has heretofore not been utilized by the SBA. These loan authorizations are identical with those in the House bill.

Third. The committee initially voted to eliminate the Loan Policy Board called for by existing law, and also to strike the House provision which created, in lieu of the Loan Policy Board, an Advisory Board on which representatives of small business would serve. Because, however, of the strong view of the administration that the Loan Policy Board should continue, consisting, as it does, of the Small Business Administrator, and representatives of the Secretary of Commerce and the Secretary of the Treasury, the committee is prepared to accept a floor amendment sponsored by the Senator from Indiana [Mr. CAPEHART] and take to conference with the House the Loan Policy Board provisions of existing law.

Fourth. The maximum loan which the SBA can grant has been increased from \$250,000 to \$350,000.

Fifth. A new section 9 directs the Administrator to assist small business in obtaining Government research and development contracts; obtaining research and development information from other contracts entered into by the Government with other firms; and authorizing small business to join together in research and development work without regard to antitrust laws, providing the Administrator and the Attorney General agree that the national interest would be served thereby.

I understand the distinguished junior Senator from New York has an amendment on that point which he will bring up soon, and which the committee is prepared to accept.

Sixth. The term for which temporary employees may be retained for specific technical purposes is extended from 6 months, as in the House bill, to 1 year as in the custom with many other Government agencies.

Seventh. A section authorizing training of employees, both within the Administration and outside educational institutions has been included.

Eighth. The maximum interest rate on SBA loans has been left at 6 percent, as called for by existing law, instead of 5 percent as the House bill provides. The prevailing interest rate in the locality requirements contained in both existing law and the House bill have been deleted as impractical.

Ninth. The provisions calling for assistance to small business in the field of procurement have been liberalized to make them applicable on a peacetime basis. Heretofore, these provisions were available only in times of war or national emergency.

Tenth. Subordination of SBA claims against small businesses to State and local tax liens are called for when the law of the State so provides.

Mr. President, the Senate bill rejects as unnecessary a House provision requiring the administrator to go forward with a new definition of what a small business is. The committee felt it desirable to leave sufficient flexibility in the hands of the Administrator, who has pertinent studies in this field underway,

and whose hands, it was felt, should not be tied.

Mr. President, through inadvertence one committee amendment did not appear in the report and is not presently in the bill. I should like to move to amend the bill so as to correct the inadvertence, and I ask the clerk to read the amendment I submit.

The PRESIDING OFFICER. The amendment will be stated.

Mr. THYE. Mr. President, before the amendment is read, will the Senator yield?

Mr. CLARK. I yield.

Mr. THYE. Referring to the statement regarding the maximum interest rate permissible under the act, which is 6 percent, that is not a mandatory interest rate which has to be charged on a loan, is it?

Mr. CLARK. That is the maximum rate.

Mr. THYE. It is the maximum. If the participating bank and the Administrator see fit to do so, the interest rate could be set at any rate up to the 6 percent.

Mr. CLARK. The Senator is correct.

Mr. President, I ask that the amendment be stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Pennsylvania will be stated.

The LEGISLATIVE CLERK. On page 19, line 3, after "Reorganization Plan Numbered 2 of 1954" it is proposed to insert the words "or Reorganization Plan Numbered 1 of 1957."

Mr. CLARK. Mr. President, in explanation of the committee amendment I wish to state for the benefit of the Senate that Reorganization Plan No. 1 of 1957 transferred certain RFC loans to the Treasury and certain other RFC loans to the Small Business Administration. The bill provides that the Treasury may extend its RFC loans for periods not to exceed 10 years. The amendment I have proposed would give the same extension privilege to the Small Business Administration in administering the loans which it acquired from the RFC.

Mr. President, the amendment is non-controversial, and I move that it be agreed to.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. CLARK. I am happy to yield to the Senator from California.

Mr. KNOWLAND. I have not been able to follow the amendment in its exact effect. For the sake of protection, with respect to any other amendments which might be offered, I wish to be sure that the parliamentary situation would not prevent the particular section from being amended in the event any other amendments should be proposed.

Mr. CLARK. I would be happy to ask unanimous consent to that effect; but I do not think the Senator's doubts are really in order.

Mr. KNOWLAND. I do not know that they are. I have no reason to so believe.

Mr. CLARK. I thank my friend.

Mr. President, the particular amendment I am offering was recommended by the administration. We thought it was in order.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Pennsylvania [Mr. CLARK].

The amendment was agreed to.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. CLARK. I am happy to yield to the Senator from New York.

Mr. JAVITS. I ask unanimous consent that I may present an amendment to the bill and that the amendment may be acted on without the Senator from Pennsylvania losing his right to the floor.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New York? The Chair hears none, and it is so ordered.

Mr. JAVITS. Mr. President, I call up my amendments 6-25-58-E and ask that they be stated.

The PRESIDING OFFICER. The amendments will be stated.

The LEGISLATIVE CLERK. On page 15, line 14, it is proposed to strike out "or supplies" and insert in lieu thereof the following: "supplies, or the benefits of research and development."

On page 25, line 14, strike out "and."

On page 25, line 17, strike out the period and insert in lieu thereof "; and."

On page 25, between lines 17 and 18 insert the following:

(3) to provide technical assistance to small-business concerns to accomplish the purposes of this section.

On page 26, line 4, after the period insert the following:

Such joint programs may, among other things, include the following purposes:

(A) to construct, acquire, or establish laboratories and other facilities for the conduct of research;

(B) to undertake and utilize applied research;

(C) to collect research information related to a particular industry and disseminate it to participating members;

(D) to conduct applied research on a protected, proprietary, and contractual basis with member or nonmember firms, Government agencies, and others;

(E) to prosecute applications for patents and render patent services for participating members; and

(F) to negotiate and grant licenses under patents held under the joint program, and to establish corporations designed to exploit particular patents obtained by it.

Mr. JAVITS. Mr. President, the amendments propose that the Small Business Administration, within its other limitations and authority, without changing any provisions with respect to money, interest rate, maximum loan, or in any other manner, shall have the right to help small business engage in joint programs for research and development.

Mr. President, the committee was very kind to consider favorably the substance of S. 4033, which I introduced on June 19 in association with my colleagues, the Senator from Pennsylvania [Mr. CLARK], the Senator from Maryland [Mr. BEALL], the Senator from Kentucky [Mr. COOPER], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Louisiana [Mr. LONG], the Senator from Alabama [Mr. SPARKMAN], the Senator from Minnesota [Mr. THYE], and the

Senator from West Virginia [Mr. HOB-LITZELL].

The Senator from Pennsylvania took a very special interest in the matter. Indeed, he was kind enough to suggest he would present the amendment himself if I were absent and unable to do so.

What the committee has proposed is to take the essence of our bill and incorporate it at pages 25 and 26 of the pending bill, with the exception that those of us who were sponsoring the amendment thought it would be best to make even more specific the exact activities in which small business might engage in the research and development field.

I might point out, Mr. President, that the amendment which has been proposed seeks only to empower the Small Business Administration to give small-business concerns technical assistance in respect to research and development activities and also to specify what the joint programs for research and development shall be, as follows, shown on page 2 of the amendment which is on every Senator's desk:

To construct, acquire, or establish laboratories and other facilities for the conduct of research;

To undertake and utilize applied research;

To collect research information related to a particular industry and disseminate it to participating members;

To conduct applied research on a protected, proprietary, and contractual basis with member or nonmember firms, Government agencies, and others;

To prosecute applications for patents and render patent services for participating members; and

To negotiate and grant licenses under patents held under the joint program, and to establish corporations designed to exploit particular patents obtained by it.

Mr. President, this is one of the great areas in which small business is at a disadvantage as compared to big business. Big business is going to spend about \$8 billion on research and development in the current fiscal year. Interestingly enough, such expenditures are going up 10 percent, while expenditures for plant and equipment have gone down about 30 percent.

Partly by reason of what is stated in the bill and partly from the authority of the Small Business Administration, the cooperative activities can be conducted with complete protection against a violation of the antitrust laws, which is covered by the bill itself, and small business can obtain some of the advantages from research and development which are now obtainable only by large aggregations of capital.

I understand the committee is willing to accept the amendment. I think it will represent a very constructive addition to the bill.

Mr. THYE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The question is on agreeing to the amendments offered by the Senator from New York (Mr. JAVITS), for himself and other Senators.

Mr. CLARK. Mr. President, I should like to say, on behalf of the committee, that we have no objection to the amendments proposed by the junior Senator from New York. The amendments

really build on the foundation of section 9 of the bill, which in turn comes from S. 2993, which was the bill of the Senator from Arkansas (Mr. FULBRIGHT), which is incorporated largely in section 9 of the pending bill.

I think my friend from New York has made 2 or 3 helpful additions to section 9 of the bill. Having consulted with other members of the committee on both sides of the aisle, I can state we are prepared to accept the amendment.

Mr. THYE. Mr. President, will the Senator yield?

Mr. CLARK. I yield to my friend from Minnesota.

Mr. THYE. Mr. President, as a co-sponsor of the amendments offered by the distinguished Senator from New York, I wish to say that I believe the amendments will greatly improve the pending bill, and I believe without a question they will greatly aid the small-business firms of the Nation. That is, of course, what we are endeavoring to do in the legislative proposal.

I commend the Senator from New York (Mr. JAVITS) for developing the thought and advancing it. I also commend the acting majority leader, the Senator from Pennsylvania (Mr. CLARK), who is now in charge of the bill on the floor, for indicating that he will accept the amendment, since it will greatly improve the legislative bill.

Mr. CLARK. I thank my friend from Minnesota.

Mr. SPARKMAN and Mr. AIKEN addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield, and if so, to whom?

Mr. CLARK. I yield first to my friend from Alabama [Mr. SPARKMAN], and then I shall yield to my friend from Vermont [Mr. AIKEN].

Mr. SPARKMAN. Mr. President, I should like to say a word about the amendment which has been explained by the distinguished Senator from New York. When the Senator discussed it with me before offering it, I invited his attention to the fact that the Senator from Arkansas [Mr. FULBRIGHT] had proposed a similar amendment. However, I thought the proposal of the Senator from New York perfected to some extent what was contained in the bill, and that it made some addition to it. It was an improvement. Therefore I was glad to join in sponsoring the amendment. I think it would accomplish a desirable result for small business.

Research, study, and scientific investigation are needed in connection with every activity. Often we overlook that fact. I note the presence in the Chamber at the moment of the distinguished Senator from Vermont [Mr. AIKEN], a great farm leader. I believe that one of the most neglected fields in this area is the field of agriculture. We need a program of research and study for agriculture, and certainly we need it for small business. Big business would not carry on production without a program in the field of research and scientific study. I believe that this measure would accomplish for small business something which needs to be done.

Mr. THYE. Mr. President, will the Senator yield?

Mr. CLARK. I yield to the Senator from Minnesota.

Mr. THYE. Mr. President, I concur in the remarks of the distinguished Senator from Alabama, for this reason: Research and development in agriculture are an absolute "must." Many decades ago we advanced a program of research and development for increasing the production of grains, legumes, and other crops, as well as livestock, but we did not go far enough to develop the study of sales, packaging, exploitation, marketability of the product, and so forth. Therefore we piled up surpluses when there was starvation in many other areas of the world, because the cost of transportation was prohibitive.

Last week the Committee on Agriculture and Forestry gave consideration to and reported a measure providing for research and development. I commend the chairman of the Small Business Committee for having called to our attention the importance of research and development in agriculture.

Mr. SPARKMAN. I thank the Senator from Minnesota. I hope we shall be able to develop a real program of research and development in all phases of agriculture, rather than a one-sided program such as that referred to by the Senator from Minnesota.

Mr. CLARK. I now yield to the Senator from Vermont.

Mr. AIKEN. Mr. President, I favor the amendment of the Senator from New York, which is being accepted by the Senator in charge of the bill, but I should like a little interpretation as to the scope of the provisions of the amendment.

More than a year ago I proposed for small business something like the extension service in agriculture. I made a brief statement at that time. As a preliminary to my question, I should like to read that statement. It will require only a moment:

A high percentage of the failures incurred by small-business people today is due to causes which could be prevented if the operator were better informed on the factors which make for failure or success.

Many a man has failed to make good in business or industry, not because he lacks initiative or natural ability, but because of faulty location, improper equipment, inadequate promotion, or lack of understanding of the proper use of credit.

The Agricultural Extension Service has been of inestimable value to the Nation's agriculture and has been largely responsible for reducing farm failures to a minimum.

This new service would be operated by the Small Business Administration and would be of particular benefit to the borrowers from that agency.

We have never received the fullest value from the Small Business Administration or its predecessor, the RFC, simply because adequate guidance and follow-up service has not been available to the borrowers.

With the extension service I am suggesting there should be not only a lower percentage of failures among small-business men, but a more satisfactory rate of repayments among borrowers from both the Small Business Administration and private lending agencies.

In reading the amendment offered by the Senator from New York, I find that the only provision which definitely au-

thorizes dissemination of the information which is acquired in the laboratories and in other fields of research is in connection with subparagraph (C), which reads: "To collect research information related to a particular industry and disseminate it to participating members."

Does the Senator from New York or the Senator from Pennsylvania believe that the language of the amendment is broad enough to authorize research in the successful application of basic principles to small business, and to provide for the dissemination of such information to the borrowers from the Small Business Administration?

Mr. CLARK. I shall make a preliminary answer. My friend the Senator from New York [Mr. JAVITS] may wish to supplement it.

I invite the attention of my friend to section 9 of the bill, which will still remain in the text after the adoption of the amendment of the Senator from New York. I read from page 25, line 10:

(b) It shall be the duty of the Administration—

That is, the Small Business Administration—

and it is hereby empowered—

2. To assist small-business concerns to obtain the benefits of research and development performed under Government contracts or at Government expense.

The thought is that any research or development work which is conducted by big business at Government expense, and which would help small business, should be made available by the Administrator to small-business men. I think that is what my friend had in mind.

Mr. AIKEN. Yes. At the time I made the proposal a little over a year ago I suggested the services of highly qualified technicians in the field of banking and accounting, plant management, sales promotion, labor management, and other business techniques which would be made available to small-business enterprises.

I realize that that probably goes a little further than the amendment of the Senator from New York. However, I presume that the Small Business Administration would have authority, under the provision just read by the Senator from Pennsylvania, as well as under an interpretation of the amendment offered by the Senator from New York, not only to carry on research in various fields of direct concern to small business, but to provide means of disseminating the results of such research.

Mr. CLARK. The Senator is correct.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. JAVITS. I think that purpose would be buttressed by my amendment, which, in clause (B), provides for joint programs to undertake and utilize applied research.

That particular clause is not restricted in terms of members or nonmembers in connection with each of the joint programs. Therefore, I would anticipate that when the Small Business Adminis-

tration came to negotiate with a particular group, there would be the kind of extension service which the Senator from Vermont has just described.

Mr. AIKEN. At the time I made the suggestion I received many communications from all over the country. I was advised that there were 2 or 3 colleges—I believe the most prominent is the University of Texas—which carry on an extension service for small businesses. However, I think it is important to have made clear at this time the extent of the amendment offered by the Senator from New York, and that is the purpose for which I rose.

Mr. JAVITS. I thank the Senator.

Mr. THYE. Mr. President, I call up my amendment designated—

Mr. MUNDT. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. MUNDT. There is already an amendment before the Senate.

Mr. THYE. I understood that the Senator in charge of the bill had accepted the amendment offered by the distinguished Senator from New York.

Mr. CLARK. The question has not been put on the amendment of the Senator from New York.

Mr. BUSH. Mr. President, I desire to speak on the pending amendment when I can obtain recognition.

Mr. MUNDT. So do I.

Mr. CLARK. I shall be happy to yield to the Senator from Connecticut; or does he wish the floor in his own right?

Mr. BUSH. I shall be glad to have the Senator yield to me. Before the question is put, I should like to comment on the amendment.

Mr. CLARK. I am happy to yield to my friend at this time.

Mr. BUSH. I do not recall that the amendment was discussed before the committee as such—

Mr. CLARK. The Senator is correct.

Mr. BUSH. Not that I recall, when we held the hearings on the bill.

Mr. CLARK. The Senator is correct.

Mr. BUSH. On the other hand, the question of research and development is one which, with increased fervor, has been commanding our attention for a long time. I am sure that our committee and other committees of Congress regard it with as being of extreme importance, particularly as research and development pertain to American industry.

Mr. CLARK. The Senator from Connecticut will recall that section 9 is already in the bill.

Mr. BUSH. I was going to refer to that, if the Senator will permit me to proceed briefly. I was going to say that from examining the bill I note that the amendment is not in conflict with the bill. In fact, I would say that it is not only not in conflict with the bill, but that the Small Business Administration has authority even now to do the things for which the amendment seeks to provide. That is a fact beyond any question, as I read the bill.

Mr. CLARK. Quite possibly that statement is correct.

Mr. BUSH. Therefore it seems to me that if we approve the amendment we

will only be fortifying the administration in an authority which it already possesses, and perhaps will be emphasizing the importance of the research and development aspects of the proposed legislation, which, under present conditions particularly, is a highly desirable thing to do. For that reason I shall support the amendment.

Mr. CLARK. I thank the Senator.

Mr. CAPEHART. Mr. President, I should like to ask some questions about the amendment. In the first place, I do not believe it will do any good. Second, I do not believe it is workable. Third, the Small Business Administration can now lend money to any small business corporation for any purpose in which such corporation is engaged in business.

I read subparagraph F of the amendment offered by the Senator from New York:

To negotiate and grant licenses under patents held under the joint program, and to establish corporations designed to exploit particular patents obtained by it.

What is the meaning of that language? Will the SBA lend money for such purposes? Why is that language in the amendment?

Mr. CLARK. I should like to give a brief explanation, and then I shall ask the Senator from New York to give a fuller explanation, if he will do so.

The Senator from Indiana will recall that we had been hopeful we would be able to pass the small-business bill last week.

Mr. CAPEHART. Yes.

Mr. CLARK. He and I had some conferences, as a result of which I was prepared to accept the amendment which he intended to offer, in the interest of expediting the passage of the bill. At the same time, our good friend, the Senator from New York [Mr. JAVITS] had his amendment, in which he was very deeply interested. As we saw it, it made no significant change in section 9 of the bill other than to clarify it and to button up tighter the research and development encouragement feature, which I believe all of us favor. Therefore, at that time, in order to expedite the passage of the bill, I conferred with some of my colleagues, including my friend from Indiana, with respect to these amendments, which I was prepared to accept. Perhaps the Senator from New York would like to give a more detailed explanation.

Mr. CAPEHART. What is the purpose of the language on page 2 of the amendment? I have no objection to the SBA lending money to a small business corporation to enable it to engage in any business in which it wishes to engage, including research. However, what is the purpose of the language on page 2 of the amendment? I read the language at the top of page 2:

On page 26, line 4, after the period, insert the following:

"Such joint programs may, among other things, include the following purposes."

Mr. JAVITS. Mr. President, may I explain that language?

Mr. CAPEHART. I wish the Senator would.

Mr. JAVITS. The purpose of my amendment is to make it possible for the SBA to lend money to a group of small concerns which may club together or organize a corporation for the purpose of engaging in research and development, when they cannot do it alone. In my amendment I have certain specifications or criteria which they must meet in order to get a loan, when they club together for the purpose of engaging in research and development, or organize themselves into a corporation to engage in research and development. The amendments represent a concept of small concerns clubbing together to carry on cooperative research. The specifications in my amendments are the particular things which they can do when they are actually cooperating.

Mr. CAPEHART. I do not believe that we should start giving Federal charters to corporations and designating what they can do and what they cannot do.

Mr. JAVITS. My amendment would not authorize the establishment of such a corporation. However, if it is created under State authority for the purpose of engaging in cooperative research, then the amendment would allow the Small Business Administration to help that kind of organization or corporation or setup. The amendment would not set up a corporation by charter.

Mr. CAPEHART. Must the small businesses establish a corporation, or can there be a partnership arrangement?

Mr. JAVITS. My thought was that they would get together in a joint program.

Mr. CAPEHART. As a partnership, too?

Mr. JAVITS. They could do it that way.

Mr. CAPEHART. The SBA could lend money to a partnership which might consist of a half dozen small companies. Is that correct?

Mr. JAVITS. Exactly.

Mr. CAPEHART. Each of them could say, "I will put in \$10,000."

Mr. JAVITS. Yes.

Mr. CAPEHART. That would be \$60,000, if there were six of them, and the SBA would lend the partnership an X amount of money.

Mr. JAVITS. When they are unable to proceed alone; yes, in order to enable them to move ahead together with programs for research and development.

Mr. CAPEHART. The SBA would lend them the money?

Mr. JAVITS. Yes.

Mr. CAPEHART. Why is it necessary to have all this language in the amendment?

Mr. JAVITS. Only to specify exactly what the SBA will look for as criteria. The small-business people will set up the contracting authority themselves. However, the SBA will look for these criteria in connection with the making of loans. It is authority. It is not direction. It is not a charter.

Mr. CLARK. Mr. President, may I clarify that point?

Mr. CAPEHART. I should like to pursue the suggestion further.

Mr. CLARK. I have the floor. I believe I can help the Senator from Indiana, if he will permit me to do so. I will ask my friend to be kind enough to turn to page 15 of the bill, where he will find the section to which the Senator from New York has referred. It is where the amendments of the Senator from New York would apply. If the Senator from Indiana would indulge me by looking at page 15 of the bill, I would be grateful to him. I refer particularly to page 15 at line 9 of the pending bill. I read, as follows:

(5) In the case of any loan made under this subsection to a corporation formed and capitalized by a group of small-business concerns with resources provided by them for the purpose of obtaining for the use of such concerns raw materials, equipment, inventories, or supplies, or for establishing facilities for such purpose—

At that point, where the bill deals with raw materials, equipment, inventories, or supplies, the amendments offered by the Senator from New York would be inserted. That is where the amendment dealing with the research and development program would be inserted. In that way the loan program would be helpful not only in connection with raw materials, equipment, inventories, or supplies, but also in connection with research and development activities. That, in effect, is the principal purpose of the amendments of the Senator from New York.

Mr. CAPEHART. I believe I understand the purpose. However, subparagraph (E) on page 2 of the amendment reads:

To prosecute applications for patents and render patent services for participating members.

Subparagraph (F) reads:

To negotiate and grant licenses under patents held under the joint program and to establish corporations designed to exploit particular patents obtained by it.

My question is: What business is it of the Federal Government to charter a corporation or to designate what a corporation can do? That is a 100-percent State function.

Mr. JAVITS. We do not authorize anything but the SBA to make loans to this kind of outfit. Whether or not it would have the powers indicated would depend on the charter received from the State, or, if there were a partnership, the contract of partnership. The only point we are making is that when the SBA undertakes to lend the money, it will first look for these criteria. This pertains to things which small-business concerns cannot do for themselves. We are not directing them to do them. We are not even giving them the power to do them. We are only telling the SBA: "When somebody comes to you, say a corporation or a partnership, equipped to do this kind of business, you may consider them for a loan."

Mr. CAPEHART. Of course, I am making a record on this point.

Mr. JAVITS. I understand.

Mr. CAPEHART. I do not understand how this would mean anything to a small-business man. What small-

business man will join with a half dozen other small-business men to engage in a program of research? I want the RECORD to show that this proposal will not work. I tried it once myself, and I know what I am talking about. The only thing I see wrong with it is that we are endeavoring by legislation to provide for a sort of charter which corporations must use in connection with their bylaws in order to do these things, which they have a right to do now. I do not like to set up criteria, or at least I do not like to see the Federal Government set up criteria even by printing that sort of thing in a bill. Corporations have the authority to do these things under the State charters they have received.

I think it is bad practice. In my opinion it is the beginning, possibly, of the wedge of the Federal Government getting into private business and of the Federal Government chartering corporations in the United States. Otherwise, it is a harmless little matter. Probably it will not do any harm or any good.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. JAVITS. I appreciate the opportunity to make it clear that we are not chartering, we are not directing, we are not even giving a frame of authority to various companies; we are only providing standards for the SBA itself when it considers loans for this kind of proposition.

Mr. CAPEHART. It means that half a dozen little companies may get together and "may include the following purposes." The amendment goes that far. The right exists now to do that without the language proposed, if it is desired to do so. To accept this sort of proposal will be writing into the Federal statutes what has heretofore been reserved 100 percent to the States.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. FULBRIGHT. All the language on page 2 of the amendment is not controlled by the language in paragraph (d) beginning on the bottom of page 25 of the bill.

I agree with the Senator from Indiana. I do not think the language is necessarily important, but it undertakes to specify and spell out some of the things which are authorized in the bill in section (d) beginning in line 24, page 25. I do not think it adds much, but I do not see that it is particularly objectionable, either. It does not authorize the Small Business Administration to create corporations. It authorizes the SBA to assist private firms that are working in this field so that if they wish to create a corporation in the regular way, they may receive assistance in such a joint undertaking.

Mr. President, to clarify the matter further, I ask unanimous consent to have printed at this point in the RECORD, in order to make a legislative record, a statement I made on the subject, which appears on page 558 of the hearings before the Committee on Banking and

Currency, part 2, May 23, 1958. The statement clarifies the whole subject in greater detail.

We agreed to accept the amendment, not because we thought it added a great deal to the bill or that the subject would be controversial, but because it merely expanded and specified what we believed was the authority already contained in the bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR FULBRIGHT

The growth and progress of industry and commerce in the United States has been, to a very considerable extent, the result of research and development. Research in the fields of electronics, chemistry, physics, and other sciences has yielded principles which have been further developed and applied to reveal the new world we see around us. The patent system, the land-grant colleges and universities, the Smithsonian Institution, the National Bureau of Standards, the Naval Research Institute, and the National Science Foundation indicate the importance which the Federal Government has always placed upon the increase and diffusion of knowledge among men and the application of this knowledge to useful arts and sciences for benefit of the Nation at large.

Basic and applied research and the development of useful applications of the principles which are discovered are going on at a remarkably high rate today. We can expect that the current research and development work will result in even greater changes in the world of tomorrow.

According to a survey made by the Bureau of Labor Statistics for the National Science Foundation, on the research and development work performed in 1953, the total of this research and development work amounted to more than \$5 billion during that year. Of this, programs financed by industry amounted to about \$2.3 billion, and programs carried on or financed by the Federal Government amounted to almost \$2 billion.

In its sixth report on Federal funds for science, the National Science Foundation estimated that the Federal research and development budget for fiscal 1958 would involve expenditures of \$3.3 billion, and Business Week of September 21, 1957, estimated the total spending on research in 1957 at \$10 billion.

Much of this research and development work will produce commercially valuable products and processes, which will benefit those concerns able to produce and sell them. Unfortunately for the free competitive enterprise system and in the long run for the national economy, a disproportionate share of the research and development is being done by large concerns, while the small concerns are able to do proportionately little research and development work. The National Science Foundation report on science and engineering in American industry in 1953 shows that only 8.3 percent of manufacturing companies with 8 to 99 employees engage in research and development and only 22.4 percent of manufacturing companies with 100 to 499 employees do so, while 94.3 percent of concerns with 5,000 or more employees carry on research and development. The same report shows that manufacturing concerns with less than 500 employees, which have about 35 percent of manufacturing employment, employ only 20 percent of the total scientists and engineers and account for only about 11 percent of the amount spent on research and development. Concerns with 5,000 or more employees, however, which has about 40 percent of manufacturing employment, employ more than 60 percent of the scientists and engineers and account for almost 75 percent

of the research and development expenditures by industry.

The vast amounts spent by the Federal Government on research and development also go overwhelmingly to large firms. The Defense Department, which in 1956 accounted for \$1.9 billion of the total Federal expenditure of \$2.7 billion, reported only about 6 percent of its research, and development contracts were with small-business firms in fiscal 1956. The Atomic Energy Commission, which had the next largest research, and development program, awarded only 1 percent of its research and development contracts to small business in fiscal 1953, 1954, and 1955.

The advantages to a concern performing this Government research are considerable. In addition to the assured profit on the contract itself, the concern will receive the inside track on substantial procurement contracts which may result from the research. It will also have advance knowledge and probably extra information about new commercial products which may be developed from the research. It will have built up a staff of scientific personnel familiar with the research and be in the best position to develop commercial applications. And in many cases it will be able to obtain patents, subject, in the case of research for the Department of Defense, only to a license to the Government, leaving commercial exploitation up to the concern. Under these conditions small-business concerns must necessarily fall rapidly behind in the competitive race for new products and new processes.

In my judgment, three things can be done which will help to keep small business in the race and will thereby strengthen the free competitive enterprise system and the national economy.

In the first place, every effort should be made to see that small-business concerns have a chance to obtain Government research and development contracts. I realize that this cannot be done in every case. In some instances only the large concern can do the research or may be interested in doing the research. Nevertheless, I believe that a vigorous effort should be made to award as many research and development contracts to small businesses as possible. This will be of direct benefit to the small-business concerns and to the economy as a whole.

In the second place, every effort should be made to make available to small-business concerns the benefits and results of all of the research and development work done by the Government or at Government expense. If the Government pays for research and pays a price which will yield the concern doing the research a profit, it would seem difficult to justify adding to that profit the right to all the commercial benefits of an invention derived from that research, paid for by the taxpayers, including small-business concerns.

In the third place, I believe that arrangements should be made to enable small-business concerns to get together to carry on research and development programs, with an exemption from the antitrust laws and the Federal Trade Commission Act. Research and development projects are often extremely expensive and the results do not always pay off at once in measurable profits. A single small-business concern may not have the financial resources to carry on over a period the kind of research and development work which would give it an equal opportunity to compete in a new fast-developing market with its giant competitor. However, a group of small-business concerns might each be able to devote a fraction of the cost of the research and development contracts and produce something which would benefit not only the small-business concerns involved but also the consuming public and the national economy.

This would not be inconsistent with the basic purposes of the antitrust laws and Federal Trade Commission Act. Rather, by increasing the opportunity of small-business concerns, it would promote and strengthen the free competitive enterprise system and the national economy as well.

In order to carry out these objectives, I have prepared a bill which will give to the Small Business Administration the duty and authority to pursue these three objectives in the interest of small businesses. Other Government agencies which have activities in this field will be called upon to cooperate with the Small Business Administration in pursuing these objectives.

This bill will not eliminate the need for other relief for small-business concerns, such as tax revisions and measures to provide access to credit. It will, however, serve to reduce substantially one of the handicaps under which small businesses now suffer, and to place them in a more nearly equal position with big businesses in the competitive race for the future. In my judgment, this will be a substantial benefit to the economy of the Nation.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. JAVITS. The Senator from Arkansas is a pioneer in this matter. I have simply tried to have some specific provision in the bill, in view of the sponsorship of the bill by a number of Senators. I am very grateful to my colleagues for their understanding.

Mr. CLARK. Mr. President, I am prepared to yield the floor and to have the Chair put the question on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York [Mr. JAVITS] for himself and other Senators.

The amendment was agreed to.

SENATOR MUNDT ANNOUNCES
DEATH OF A SENATOR'S HOPE—
HELL IS DEAD, DPP IS AILING

Mr. MUNDT. Mr. President, I rise in sorrow to announce the passing of an old friend of the Senate. I had hoped until very recently that this announcement could be avoided, but I now find it necessary to report the death of a cherished hope, held by what I believe to be a majority of the Members of this body—the hope for effective labor legislation in the 85th Congress.

Mr. President, this hope for effective labor legislation has been cherished by most of us since the so-called McClellan hearings on improper activities in the labor or management field were little over 18 months old. All of us have heard our colleagues rise in their places to express this hope in one way or another, both during the Senate debates on the labor legislation designed to correct certain abuses in pension and welfare funds and, more recently, as we discussed amendments to the so-called Kennedy-Ives labor bill.

This honorable and cherished friend of the Senate—hope for effective labor legislation—has been a special friend of the Members of this body from that great section of the country known as Dixie. Many of our most distinguished

Members from the Old South have, during the debates on both of these Senate bills, expressed their deep confidence in this hope, and have voted in the conviction that hope for effective labor legislation would be redeemed and implemented when the legislation was discussed and voted upon in the House of Representatives. It appears, however, Mr. President, that this friend of ours—hope for effective labor legislation—has in some way or other met with a tragic and violent death between the 17th day of June, when he left the Senate with colors flying, supported by a ye-and-nay vote of 88 to 1, and headed for the other end of the Capitol. Even as I speak, his remains are buried somewhere, with his whereabouts unknown, and this bill of ours—S. 3974—has not yet found its way to the Labor Committee of the House of Representatives. Mr. President, the cause of the death of this bright hope for effective labor legislation is not clear, and since the coroner's jury has not yet brought in its verdict, the responsibility for the demise cannot be clearly fixed. However, accumulating evidence points the finger of suspicion at one or another of several possible culprits.

One line of suspicion, Mr. President, indicates that this friend of ours—Hope for Effective Labor Legislation—was stabbed to death at Democratic national headquarters located here in Washington. It is rumored that in a moment of anger, someone connected with Democratic national headquarters felt that his party had somehow let him down by passing any type of labor legislation at all, and so, motivated by passion or inspired by partisanship—as the case may be—the death-dealing sword may have been stabbed into the back of this faithful friend by someone connected with Democratic national headquarters. Mr. President, I speak not in an effort to fix the responsibility, because the coroner's jury, comprised as it is of the court of public opinion, now weighing the evidence throughout the country, must, of course, bring in the final verdict. I merely report on some of the suspicions which appear to be taking form in the shape of testimony before this nationwide coroner's jury on labor legislation.

Another report has it that our friend, whom I shall henceforth identify in these remarks solely by his initials, HFELL, was poisoned to death by operatives representing Walter Reuther, of the United Automobile Workers. Some go so far even as to implicate the Governor of Michigan in this skein of suspicion. I am not here to make any specific accusations, but I do believe, since so many of my colleagues reposed such great confidence in this friend of ours on so many frequent occasions, that at least all of us who knew HFELL so well and embraced him so warmly would be interested in the possible identity of his slayer.

A third line of suspicion indicates that HFELL may simply have starved to death at some place on the journey from the Senate to the House for lack of nourishment and care over on the other side of the Capitol.

Mr. President, the demise of HFELL would be bad enough in itself, and would

cause me sufficient sorrow in making this announcement to the Senate, were it not accompanied by another unhappy development which I also feel it is my duty to report. HFELL had a strong and sturdy companion who was also highly respected by the Members of this body, and it is my duty to report that this companion is also seriously ill and in danger of becoming permanently incapacitated. I refer, Mr. President, to the democratic processes which historically have proved so effective in the House of Representatives. Ordinarily, this fine, stalwart companion body of the Senate follows a practice of referring all proposed legislation to its committees for consideration, and, from its committees, through the Rules Committee, to the House of Representatives where Members of the House have the historic right and opportunity to work their will upon the proposed legislation, just as we cherish the same right here in the Senate of the United States. Historically, Members of the House of Representatives have the opportunity to vote for or against amendments and to offer suggestions, modifications, and additions to proposed legislation coming to them from the Senate. In the same fashion that we of the Senate consistently insist upon exercising those American rights upon any proposed legislation coming to us from the House.

It is true of course, Mr. President, that there have been times when these great parliamentary provisions and rights enjoyed by the House of Representatives have not functioned as vigorously or as effectively as at other more glorious periods of American history. As one who served in the House of Representatives at a time, when a top-heavy majority was present there, reflecting the goals and aspirations of leadership in the White House which was of the same political affiliation, I recall there were complaints about "rubber stamp Congressmen," and fears that the coordinate strength of Congress was being subordinated to the powers and pressures of the White House. At times, opposition was shouted down a bit ruthlessly, under those conditions; but, in the main, and over the long pull, the House of Representatives and the Senate have risen magnificently to assert their authority when there came before them such basic issues as attempts to pack the United States Supreme Court or to place the Comptroller General of the United States under political obligation.

Throughout their history, therefore, Mr. President, both the House of Representatives and the Senate, regardless of the party majorities which were in control, have resisted the global trend to develop topheavy executive authorities which in turn weaken the rights of the people by circumventing the opportunities of their representatives in Congress to speak and act for them.

I feel, however, Mr. President, that America should now be put on notice that we are witnessing, over on the other side of the Capitol, something which is a foreboding of evil, and indicates that the democratic processes over there may be in danger of deterioration. Even as I speak here, Mr. President, some force, some influence, some pressure from

somewhere, or something which it is impossible clearly to define, appears to be exerting more power and authority in the House of Representatives than public opinion and a great unorganized but dominant majority attitude in this country are able to exert.

Fifteen long days ago, by a vote of 88 to 1, in a historic ye-and-nay vote, the Senate voted its approval of Senate bill 3974, and sent our friend, HFELL, over to the House of Representatives. Before the final rollcall vote, Senators on both sides of the arguments involved, and those who had either supported or opposed one or another of the many amendments offered, stated that they hoped and believed the House of Representatives would improve the proposed legislation before it was finally acted upon over in the other body. However, after all these 15 days, we find that HFELL has not even seen the light of day at the other end of the Capitol.

Buried somewhere without ceremony, this gallant effort of ours has not even been referred to the House Committee on Education and Labor, which was its rightful, its traditional, and its expected destination when it left the Senate. Instead, we hear rumors that the Democratic high command over yonder has decided to continue delaying referring Senate bill 3974 to the House committee until so much time has elapsed so that it can be logically proclaimed that it is too late for the House committee to hold hearings and to consider the proposed legislation, and that consequently the bill must be considered by the House under a suspension of the rules, thus detouring the House committee altogether. The significant point to note, Mr. President, is that under the suspension of the rules procedure in the House, no amendments can be considered or adopted. That certainly is gag rule.

Mr. President, this would therefore confront us with the ugly, un-American alternative of either having no labor bill at all, thus burying HFELL unceremoniously, without even a tablet or a monument to mark its passing, or, under alternative No. 2, it would mean that the House must vote, without adopting amendments of any kind, on the labor bill the Senate has passed. While either of these alternatives would, of course, be acceptable, and either is also favored by certain labor bosses, I am confident, Mr. President, that neither of these alternatives would be pleasing or acceptable to the general public, whom it is our duty to represent.

Mr. President, if ever there were a warning sign larger than a camel-shaped cloud that labor already has control of the Democratic Party in this country, we see it now, and we see it here, and we see it in what is happening to the so-called Kennedy-Ives labor bill over at the other end of the Capitol.

Mr. President, if this sturdy, American companion of HFELL, if this great American being called Democratic Parliamentary procedures, should follow HFELL into oblivion or into a state of incapacity, the loss to all of us and to the rest of the country would be even greater than the death of that promising figure of so

appointed by the President and confirmed by the Senate, who would undertake to fulfill all the responsibilities assigned by this act to the Secretary of Labor.

TITLE II—TRUSTEESHIPS

Section 201 (a): Requires reports by national or international unions to the Secretary within 30 days of establishment of trusteeships over subordinate unions (or within 30 days of enactment for existing trusteeships) and semiannually thereafter.

The reports are to show: the union in trusteeship, the date trusteeship established, a detailed statement of the reason for trusteeship and its continuance and the nature and extent of voting by members of the trusted unions for convention delegates and national and international officers.

(b) Provides the secretary with the same rulemaking and publication powers he has under title I.

(c), (d), and (e) Makes failure to report, false reports or concealment or destruction of documents or records upon which report is based by responsible officers punishable by a maximum \$10,000 fine or imprisonment for 1 year, or both.

(f) Provides that reports made by labor organizations under this section shall be made available to each member of the labor organization.

Section 202: Requires the establishment and administration of a trusteeship to be in conformity with the union constitution and for correcting either improper conduct, assuring the performance of agreements, restoring democratic procedures, or the achievement of proper union objectives.

Section 203 (a): Makes it unlawful during trusteeship (1) to count members' votes for convention delegates or national or international officers if not by secret ballot in which all members in good standing could participate, or (2) to transfer to parent organization any funds of the trusted union except regular per capita and assessments payable by nontrusted unions. It is provided that upon dissolution of the trusteeship, assets may be distributed in accordance with the charter, constitution, or bylaws.

(b) Makes violation of subsection (a) punishable by a maximum \$10,000 fine or imprisonment for 1 year, or both.

Section 204 (a): Provides that upon the written complaint of a member or subordinate union alleging violation of section 202 or 203, the Secretary shall investigate and if he finds an unremedied violation, he may petition the appropriate Federal district court to enjoin and dissolve the trusteeship and for other appropriate relief.

(b) Provides for place and manner of bringing suit.

(c) This subsection provides that a trusteeship established by a labor organization (1) in conformity with the procedural requirements of its constitution and (2) authorized or ratified by the executive board of the labor organization after a hearing, shall be presumed valid for a period of 18 months. This presumption may be rebutted by clear and convincing proof that the trusteeship was not established for the purposes allowable under section 202. After the expiration of 18 months there will be a presumption that the trusteeship is invalid in any proceeding brought by the Secretary to remove the subordinate union from the trusteeship unless the labor organization can show by clear and convincing proof that the continuation of the trusteeship is necessary for a purpose allowable under section 202. If the labor organization can so show, the court may continue the trusteeship for a period not in excess of 1 additional year.

Section 205: Requires a report within 3 years by the Secretary on operation of title II.

Section 206: Makes clear that Federal suits under title II are possible only upon suit

initiated by the Secretary. But all other rights and remedies at law or in equity are specially preserved, with the limitation that when the Secretary does file a complaint the proceeding is to be exclusive and the result res judicata.

TITLE III—ELECTIONS

Section 301 (a): Requires election by national and international labor organizations (except a federation of such organizations) of constitutional officers including at least 3 principal officers (1) at least once every 4 years, (2) by secret ballot or delegates elected by secret ballot, and (3) in accordance with the union constitution.

(b) Requires the election by local unions of constitutional officers including at least 3 principal officers (1) at least once every 3 years, (2) by secret ballot, and (3) in accordance with the union constitution and bylaws.

(c) Requires that members be given an opportunity to nominate and vote without coercion or restraint in selecting officers and delegates. Fifteen days notice of date and time of election is to be mailed to members unless the election is to be held at a time specified by the constitution and bylaws on file with the Secretary. Every member shall have one vote, and a member whose dues are checked off under a bargaining agreement is not to be disqualified for dues default. Ballots and election records are to be preserved for 1 year. The union constitution and bylaws are to govern the election to extent not inconsistent with the act.

(d) Provides that in a convention where delegates are to choose officers, the union constitution and bylaws are to govern and delegate credentials, minutes, and convention records pertaining to the election of officers are to be preserved for 1 year after the election.

(e) Provides that union funds are not to be used to promote individual candidacies in union elections subject to this title. Union funds may be used for ordinary expenses in connection with elections—for notices to members, statements to members of issues to be voted on, and other expenses required to conduct the election.

(f) Provides that officers of a local union may be removed at any time for cause shown, upon notice and hearing and by action of a majority of the members in good standing. The Secretary is empowered to exempt any union from the provisions of this subsection if he finds that the union's constitution and bylaws provides means for the removal of officers guilty of misconduct substantially as effective as the requirements of this section.

(g) Authorizes the Secretary to promulgate rules and regulations prescribing standards for implementing the provisions of subsection (f).

Section 302 (a): Provides for the filing of complaints with the Secretary by a member alleging violation of section 301 if he has (1) exhausted his remedies under the union constitution and bylaws or (2) invoked such remedies without obtaining a final determination within 4 months. The election is presumed valid until a final decision and the union affairs shall be conducted by the officers elected or in the manner provided by the constitution and bylaws.

(b) The Secretary is to investigate, and if he has probable cause to believe a violation of the election provisions has occurred and has not been remedied, he is, within 30 days of the filing of complaint or as soon thereafter as possible but not to exceed 60 days, to institute suit in Federal district court against the union to set aside the election and to order a new election.

(c) Provides for a trial of the issues by the district court. If the court finds (1) the elections were not held within the times required by section 301 or (2) that a violation of section 301 did or reasonably could be expected to affect the election result, the

election is to be declared void and a new election held under the supervision of the Secretary, and so far as lawful and practical, in conformity with the union constitution and bylaws. The Secretary is to certify the names of those elected to the court which shall, by decree, declare them to be the union's officers.

(d) An order directing an election is not appealable. Dismissal of the complaint or order declaring the election of union officers is to be appealable as the final judgment in a civil action.

(e) Empowers Federal courts to protect union assets when it voids an election.

Section 303: The duties, rights, and remedies of the election title are to be exclusive. They are not to be construed as altering or affecting rights under the National Labor Relations Act or the Railway Labor Act.

Section 304: The election provisions are to become effective—

(1) within 90 days for unions whose constitutions and bylaws can be modified to conform by its officers or interim governing bodies, such as a general executive board or council; or

(2) where appropriate modification is possible only by convention, by the next convention or within 2 years after enactment, whichever is sooner.

Section 305 (a): Prohibits a person convicted of any felony from serving as a union officer, director, trustee, business agent, etc., prior to the restoration of his right to vote.

(b) Prohibits any person, who after notice by the Secretary refuses to file a report required under title I, and who the Secretary after hearing on a written record determines to be in violation of the title, from holding union offices for 5 years after the final determination of the violation.

(c) Prohibits a person convicted of a violation of the reporting requirements of title I from serving in the same offices as in (a) or any union position paying more than \$4,000 per year, for 5 years after final conviction. A union is prohibited from knowingly or willfully permitting such a person to take or hold office.

(d) Violations of the prohibitions upon union office holding by persons convicted of named crimes is made punishable by a maximum \$10,000 fine, imprisonment for 1 year, or both.

(e) Clarifies that a person shall be deemed to have been convicted under this section when a jury has arrived at a verdict or such verdict is finally sustained by an appeals court, whichever date is later.

TITLE IV—CODES OF ETHICAL PRACTICES— ADVISORY COMMITTEE

Section 401 (a): Declares that it is in the national interest that labor organizations and nationwide and industrywide associations of employers engaged in industries affecting commerce should voluntarily adopt or subscribe to codes of ethical practices obligating such labor organizations or employers, as the case may be, to adhere to principles and procedures of conduct which will effectively eliminate and prevent improper and unethical activities in the administration of their affairs, in the use and expenditure of their funds, and in their relations with each other.

Declares that codes of ethical practices applicable to national and international labor organizations should contain provisions which will safeguard the democratic rights and privileges of members and which will eliminate and prevent improper and unethical activities on the part of labor organizations or their subordinate locals or any officer or agent thereof. Codes of ethical practices applicable to both labor organizations and employers should contain methods and procedures to assure the effective implementation and enforcement of the provisions of such codes.

Provides that codes of ethical practices should contain appropriate provisions for publication of the provisions of the codes so that employers and employees in the industries affected and the public will be fully apprised as to the provisions of the codes.

(b) Provides that codes of ethical practices shall not authorize or sanction any conduct on the part of any labor organization or employer or any officer, agent, or representative thereof which violates any Federal, State, or local law.

Section 402 (a), (b), and (c): Establishes an Advisory Committee on Ethical Practices to advise the Secretary on the administration of this act, including the provisions of title I, reporting and disclosure; title II, trusteeships; and title III, union elections; as well as title IV.

Section 403: Provides that not later than 3 years from the date of enactment of the bill the Secretary shall report to Congress on the progress achieved by labor organizations and employers engaged in industries affecting commerce in the elimination of improper activities in the administration of their affairs and the use and expenditure of their funds with particular reference to the significance of the voluntary adoption of self-policing codes of ethical practices in achieving such results.

TITLE V—DEFINITIONS

Contains various definitions applicable to the act.

TITLE VI—AMENDMENTS TO THE LABOR-MANAGEMENT RELATIONS ACT OF 1947, AS AMENDED

Section 601: Clarifies the meanings of "supervisor". The redefinition retains all of the indicia and tests of supervisory status contained in present law but makes clear that the types of authority enumerated must not only exist but also must be exercised effectively, whereas under the present definition putative "authority" to recommend actions of the kind enumerated is all that seems to be required. The redefinition would require that responsible direction of other employees must be "the principal function" in order for this attribute alone to make an employee a supervisor.

Section 602: Directs the National Labor Relations Board to assert the full jurisdiction given it under the National Labor Relations Act. Provides that the Board may cede jurisdiction over cases in certain industries to State agencies unless the State statute governing the disposition of such cases is inconsistent with the Federal law.

Section 603 (a): Makes it an unfair labor practice for a labor organization to conduct "shakedown" picketing, i. e., picketing with no legitimate purpose but which is to force an employer to "buy off" the union official involved. It bans picketing to exact from an employer a payment for the enrichment of an individual as distinguished from bona fide picketing the purpose of which is improvement in wages and working conditions for employees.

(b) Makes applicable the "mandatory injunction" provision of the act (sec. 10 (1)), to such picketing so as to provide a speedy remedy for such abuses.

Section 604 (a): Permits an employer primarily engaged in the building and construction industry to enter into agreements with labor organizations despite the fact that the union's majority status has not been established under section 9 of the act. The section also permits the union shop provisions of such a contract to take effect within 7 days of hiring. No other change is made in union security limitations now in the law. The agreements could also provide for: Employer notification to the union of job openings and opportunity for the union to refer qualified applicants for the openings. Agreements for apprenticeship qualifications, experience, industry, or geographical seniority would be permissible to

meet the peculiar needs of the industry. It is specifically provided that a contract permitted by this section would not be a bar to a representation or decertification election if without the authorization of the section it would not be a bar to such an election.

(b) To remove all doubt, it is specifically provided that the union security provisions of agreements permitted by (a) are subject to the limitations of State and Territorial law just as all collective agreements under section 8 (a) (3) are limited by the provisions of section 14 (b) of the National Labor Relations Act.

Section 605: Amends the National Labor Relations Act to provide that economic strikers shall not be deprived of their right to vote in representation elections even though they have been replaced in the course of a lawful strike.

Section 606: Amends present law so as to require employers to file non-Communist affidavits as a prerequisite to use of the facilities of the NLRB. Under present law only trade-union officers are required to file non-Communist oaths.

Section 607: Amends section 302 (a) of the Labor-Management Relations Act of 1947 so as to clarify an ambiguity which presently exists. Under present law it is illegal for an employer to pay or deliver anything of value to a representative of his employees. The purpose of these amendments to section 302 is to forbid any payment or bribe by an employer or anyone acting on his behalf, whether technically an agent or not.

Section 608: Makes it unlawful to seek or accept payments made unlawful by section 302 (a) of the Labor-Management Relations Act. This section makes unlawful the demand or acceptance of improper unloading fees from interstate truckers. A proviso exempts fees provided for in agreements which may be based upon tonnage unloaded, hours worked, etc., pursuant to good faith collective bargaining.

Section 609: Conforms section 302 (c) to changes made in section 302 (b). It also provides that the general ban in section 302 of the Labor-Management Relations Act upon employer payments to unions is not to apply to employer payments to trust funds, in the building and construction industry, for pooled vacation benefits or apprenticeship or other employee training programs. This provision is designed to remove doubts as to the propriety of such payments in this industry. However, it is not intended to cast doubt upon the legality or propriety of such payments by employers in any other industry.

Section 610: Separability clause.

AMENDMENT OF SMALL BUSINESS ACT OF 1953

The Senate resumed the consideration of the bill (H. R. 7963) to amend the Small Business Act of 1953, as amended.

Mr. THYE. Mr. President, I call up my amendment identified as 6-19-58-D, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 36, line 9, after the period it is proposed to insert quotation marks.

On page 36, strike out lines 10 through 20.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. THYE].

Mr. THYE. Mr. President, the amendment proposes to make the Small Business Administration a permanent agency. My amendment would amend the Senate

committee bill to make it conform to the provision carried in the House bill. The House bill provided that the Small Business Administration should be a permanent agency of the Government.

Mr. President, why do I propose that the Small Business Administration be made a permanent agency of the Government? I think many reasons could be cited to support my position. The main, outstanding reason is that in connection with the Small Business Administration loaning activities we ask the local banks to participate with the Federal agency in making the loans. We believe it is highly desirable that the banks of a community should participate. The local banks are familiar with local business enterprise and are familiar with the individual or individuals concerned. The local banks have a sense of pride in community development. Therefore, it is much more desirable to have a loan with joint participation of the private banking institutions and the small business lending agency.

However, when a bank realizes that the agency has 1 year of life, as has been true in the past, or 3 years of life, as is proposed in the Senate bill, it tends to be reluctant to enter into a joint venture. The banks say, "A 10-year Federal loan is being asked, but the life of the agency at the best is 3 years." So there is a reluctance on the part of banking institutions to join in the program. That is one phase of the matter.

Another phase is that the applicant thinks the agency may go out of existence in the course of the next year or year and a half or 2-year period, and he wonders what will be the disposition of his obligation or loan with the Federal agency. He wonders if his loan will go to some other agency for immediate liquidation, or if the loan will be called and he will be forced to refinance. Those are some of the "ifs" that enter into the minds of the applicants.

Now let me state the most important phase of the problem, Mr. President. The present Presiding Officer and I know of our own insecurity, though we have 6-year terms. We can imagine the feeling of insecurity on the part of an employee if he knows the life of the agency for which he works is only 1 year, or a year and a half, or, at the most, 3 years, as is the proposal in the bill presently under consideration. Of course an employee would feel insecure in accepting a job with such an agency. Consequently, he would be seeking to make application for employment with an agency of a more permanent nature. Immediately the Small Business Administration is placed in jeopardy because of the fact that it cannot offer security to its employees. I want that situation corrected.

Mr. President, I was the author of the bill which was passed originally in 1953, and I have sought to improve the act by making the Small Business Administration a permanent agency. The President of the United States has supported my position that it should be a permanent agency.

We have amended the act from time to time in an effort to improve it. I hold

fast to the idea and the philosophy that we must do everything possible to encourage the continuance of private enterprise and the right of individual ownership. I think nothing is more wholesome for the future of the United States than the responsibility of individual ownership.

In this day and age there are tremendous costs which a person must incur before he can become established in a business enterprise of his own. Our youth are faced with a highly competitive society, while at the same time there are no new frontiers to afford them great opportunities, such frontiers as the old ones of the Midwest or the previously undeveloped areas in the United States. When our youth finish their schooling today and go into the field of employment on the main streets of the cities or communities of the Nation, they are immediately faced with strong competition, as is the average businessman.

I have known a great number of young family men who have worked in business establishments on the main streets of our Nation for several years. These men are trustworthy. I would entrust them with business or with any enterprise. However, when such a young man goes to the local bank with the idea that he would like to obtain a loan to buy a business establishment in which he has been employed for a number of years, the banker of course is faced with restrictions imposed by the State banking laws and restrictions imposed by the Federal Government. The banker must make certain that the loan is absolutely repayable and is secure by chattels or real estate properties. The young man of whom I speak may have nothing such as that to offer. He may have a good name, a good reputation, and a desire to be a good member of the community, and, in addition, he may be a good family man, but that is all he has to offer as collateral. The bank possibly might lend such a man the money necessary to get started, but the young man also needs capital to make the business a profitable undertaking. He may then go to the Small Business Administration. The bank might say, "Very well, in cooperation with the Small Business Administration we will assist you by permitting some expansion," or "We will assist by lending you a little more money."

That was the situation I visualized when I offered the bill to provide for the Small Business Administration in 1953.

Mr. President, we all know what the Farmers Home Administration did for the farm youth of America. We know of the great number of farm families who have the responsibility of farm management today and who have assumed positions in the community of great responsibility. These are fine citizens in the school districts, in township affairs, and in community affairs.

If the Farmers Home Administration had not granted loans to such people in the first instance, we would not have those young families established in those communities. We would not otherwise have these farm families with the sense of responsibility and of pride in man-

agement and ownership which they now possess. We did much to make secure the future that our forefathers wanted, which is a free society, when we enacted the law to provide for the Farmers Home Administration.

We have the nucleus in the Small Business Administration, the same as we had when we authorized the Farmers Home Administration. We should continue to endeavor to build onto what we have until we have the means to give to the young couples on the main streets of America the opportunity to become business managers or business operators in their own right. If we do that, we need not ever worry about the future of the people on the main streets of America. We will not then need to worry about the philosophy of our people or of our society, because our people will be exponents of free enterprise. Our people will not have leanings toward socialistic-type governments, because any man who has the right and responsibility of a business of his own will never turn to the philosophy of a socialistic-type government.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. THYE. I am delighted to yield to the Senator from South Dakota.

Mr. MUNDT. I have been listening to the Senator with great approval. I wish to commend the Senator from Minnesota for the leadership he has taken, originally in establishing the Small Business Administration, and presently in suggesting that it be made a permanent branch of the Government.

I have long felt, and have frequently stated, that the Small Business Administration should be made permanent. It has rendered a very helpful service to small-business men throughout the country, and can render greater service, obviously, if it is made a permanent institution.

At the present time many of its loans run far beyond the authority of the Small Business Administration under existing legislation. It seems only sensible that we should make a permanent establishment of an agency which is making loans for 10 years or more, in order that it may recruit the best personnel, and, in an effective and efficient manner, give guidance and assistance to those who borrow the money.

I shall support the amendment of the Senator from Minnesota. I congratulate him on offering it. I hope that in the ensuing yeas-and-nays vote, if there is to be one, it will receive an overwhelming vote, because it is certainly a movement in the direction of giving governmental assistance to people in this country who are most entitled to receive it.

Mr. THYE. I thank the distinguished Senator from South Dakota. He is not only a man experienced in the business field; he is a man with many years of experience in legislative service to his Government. I thank him for his words of commendation, and also for speaking in support of my amendment.

Mr. President, I hold in my hand several communications. I have received a telegram which reads as follows:

Hon. EDWARD J. THYE,
United States Senate,
Washington, D. C.:

So that you will be fortified with factual knowledge of the position independent business has taken on making SBA a permanent agency, through the nationwide polls of the membership of the National Federation of Independent Business, all independent business and professional men—all voting members—result of first poll in mandate No. 202 disclosed 79 percent for the proposition, mandate No. 211, 84 percent for the proposition; mandate No. 227, 86 percent for the proposition; mandate No. 228, 84 percent for the proposition; mandate No. 237, 84 percent for the proposition.

It is significant and important that 3 out of the 5 national polls disclosed the consistency of small business in having SBA a permanent agency through an 84 percent vote for the proposition.

As this information comes from the grassroots of our Nation, trust that you will bring this to the attention of the Members of the Senate today.

GEORGE J. BURGER,
Vice President, National Federation
of Independent Business.
WASHINGTON, D. C.

Mr. PURTELL. Mr. President, will the Senator yield?

Mr. THYE. I yield.

Mr. PURTELL. I commend the Senator from Minnesota for the amendment he has offered. It is a necessary amendment. It would do a great deal to encourage our small businesses to realize the interest of the Government in their affairs. I assure the Senator of my complete support of his amendment.

Mr. THYE. I thank the Senator.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. THYE. I am delighted to yield to the Senator from Massachusetts.

Mr. SALTONSTALL. I am happy that the Senator is offering this amendment. As a member of the Small Business Committee since its inception, I have watched the Small Business Administration grow and improve its administrative aspect, and also improve its methods of assisting small business. I believe that if we continue it for only 3 years, we shall be merely making a gesture, because at the end of 3 years it will be necessary to extend it again. I hope that it may be made a permanent part of the executive department.

Small business is here to stay. There will always be small business. Small business is a necessary part of every community, indeed, really the foundation of every community.

The Senator from Minnesota and I, as members of the committee, know that if this administration were allowed to continue, and to have a permanent status, its methods of assisting small business financially could be made more effective than if it were to expire at the end of 3 years, and perhaps be extended again and again. If it is to remain as a temporary institution, the borrowers and the administration will not have the proper background with which to work and carry forward their efforts.

I am very glad that the Senator has offered his amendment, and I hope the Senate will adopt it.

Mr. THYE. I thank the Senator from Massachusetts for his support and commendation of the amendment.

Mr. President, I hold in my hand a letter from the president of the Bank of Willmar, Minn. This bank was organized in 1876. So it is one of the old established banking institutions of our State. The letter reads as follows:

BANK OF WILLMAR,

Willmar, Minn., June 26, 1958.

Hon. EDWARD J. THYE,
United States Senator,
Washington, D. C.

DEAR SENATOR THYE: Your letter of June 23 received, in which you wrote in reference to your interest in the promotion of the Small Business Administration and I am 100 percent back of you in this regard. There are few banks in the State that have taken as much advantage of the Small Business Administration as we have here in Willmar.

We have negotiated many lines of credit ranging from \$8,000 to \$280,000. The maximum that the Small Business Administration can go is \$250,000 and our bank carried the \$30,000 additional. They have made a wonderful contribution to the businesses which have made the applications through our bank, and it has been very encouraging to us to see the results and benefits that are derived and for men who would otherwise not been able to be financed.

I was interested in reading the statement that you intend to make, and while I have learned that there is some agitation against the Small Business Administration, it is my honest thinking that the smaller country banks are not fully aware of the benefits that are available to the small businesses and which will help the rural communities by increasing their business developments.

Two of the officers of our bank were down to the Small Business yesterday with three business men, in connection with two of the large industries of our city, and which are contributing much to the welfare of the community, one being the Farmers Produce Company, which is a processing plant and which has possibly 400 people on the payroll. The men at the office were very cooperative and our dealings with them have been very friendly and agreeable and I appreciate their friendship and support to take care of our local needs. We on the other hand, try to only present deserving applications and we have kept in close touch with the business and individuals so that it will prove to be of benefit for all concerned, and especially to the applicant and to the community at large.

Thanking you for your continued interest in behalf of the Small Business Administration, I am

Yours very truly,

N. H. TALLAKSON,
President.

Mr. President, I have before me a number of other communications which I could read, but I shall not take the time of the Senate to read them. I ask unanimous consent that they be printed in the RECORD at this point as a part of my remarks.

There being no objection, the communications were ordered to be printed in the RECORD, as follows:

WASHINGTON, D. C., June 23, 1958.

Hon. EDWARD J. THYE,
United States Senate,
Washington, D. C.:

Small business in your State, through repeated federation mandate polls, has consistently voted to make SBA permanent agency. House concurred in request of small business

392-2. Small business demands Senate roll-call vote on SBA legislation and urges your support making it permanent agency. May we advise your constituents your support?

GEORGE J. BURGER,
Vice President,

National Federation Independent Business.

CINCINNATI, OHIO, June 23, 1958.

Senator EDWARD J. THYE,
Senate Office Building,
Washington, D. C.:

Very imperative in opinion of local people here that SBA be given permanent status. There is so much indecision about aid to small business and with economic trends what they are today the needs of small business particularly in the lending field are not going to be temporary. Countless small-business men are thinking of their existence in temporary terms for the good of the country. Too much cannot be done to reverse this kind of thinking.

ED WIMMER,
Vice President, Public Relations Director,
National Federation of Independent Business.

HAYWARD, CALIF., June 23, 1958.

Hon. EDWARD THYE,
Senate Office Building,
Washington, D. C.:

I strongly believe permanent SBA is essential to orderly and constructive solution of problems besetting small business and hope Senate will support Thye amendment.

HARRY J. HARDING,
President, the First National Bank of Pleasanton and Honorary President Independent Bankers Association of the 12th Federal Reserve District.

ROCHELLE, N. Y., June 23, 1958.

Senator EDWARD THYE,
Senate Office Building,
Washington, D. C.:

Please urge passage of Thye amendment making SBA a permanent agency.

FIRST WESTCHESTER NATIONAL BANK,
A. J. GOGHEGAN, President.

BURLINGAME, CALIF., June 23, 1958.

Hon. EDWARD THYE,
Senate Office Building,
Washington, D. C.:

We urge the Senate to vote the Thye amendment to make the Small Business Administration a permanent agency. This is in line with the individual mandate ballot votes among our membership numbering in excess of 100,000 business and professional people, all voting members who are scattered nationwide in more than 2,000 communities. We urge the Senate for a rollcall vote on the Small Business Administration Act. Nothing would do more to help strengthen business than to see Congress move swiftly and decisively on small-business issues before them in line with party platform pledges made. Quick and favorable action on the Thye amendment will be an important step in the right direction.

C. WILSON HARDER,
President, National Federation of Independent Business.

Mr. THYE. Mr. President, I had prepared a statement referring to the number of loans, and some of the work of the Small Business Administration. I shall not take the time of the Senate to read it. I ask unanimous consent that it may be printed in the RECORD at this point as a part of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR THYE ON THYE AMENDMENT FOR PERMANENT SBA

Once again I rise to urge immediate and unanimous action by the United States Senate to make the Small Business Administration a permanent agency of Government.

THYE LEGISLATION

My reasons for amending the pending bill so as to make SBA a permanent agency are well known to my colleagues and to the small-business men throughout the Nation. Since 1953 it has been my pleasure to play a role of leadership in formulating and drafting legislation and policy designed to strengthen the small-business community in America. Throughout this time, the one single suggestion which I have heard most often from businessmen, from the banks, and from the public is to make the Small Business Administration a permanent agency.

Right now we are asked by the Banking and Currency Committee to extend the life of this agency by 3 years. This, of course, is a much more constructive suggestion than a 1-year extension which we had last year. However, no one has yet presented any substantial argument against making the agency permanent.

BACKGROUND

It will be recalled that in 1953 there was objection to permanent status on the grounds that this was a new agency and that we should observe its operation for 2 years and then decide whether it should be made permanent. So in 1953 the Small Business Act was passed for a 2-year period. In 1955 the Senate was called upon to extend the life of the agency. At this time the action came late in the session so the majority vote was in favor of another 2-year extension. Then we recall that last year the extension bill for SBA was delayed—a resolution was passed for a 30-day extension—and finally in haste a 1-year extension was worked out.

I trace this background briefly because I believe it demonstrates the need for a permanent extension. How can you expect wholehearted cooperation on the part of the banks and the other Government agencies which must work with SBA when they do not know from one year to the next whether the agency will be in existence? How can you expect the agency to maintain the type of employee morale which promotes top efficiency? Frankly, it is amazing to me that this agency has done such an effective job under the circumstances.

HOUSE ACTION

The House of Representatives has already voted for a permanent agency by a resounding vote of 392 to 2. The margin of this vote indicates the strong feeling in favor of a permanent agency in the House. In my conversations with Members of the Senate, I have not found any real objection to my amendment to make the agency permanent.

SBA enjoys strong bipartisan support today. That support is the result of the effective work SBA has done in behalf of the millions of small-business firms throughout the United States. The agency has shown continuous improvement in its loan program, its procurement assistance to small firms, its technical assistance program, and its disaster loan activities.

SBA RECORD

Let us examine for a moment the record of the Small Business Administration.

The SBA has approved some 11,000 business loans for almost half a billion dollars and has assisted additional thousands in obtaining credit from private credit sources. It has aided over 7,500 victims of disasters by approval of loans amounting to \$81 million.

It has been able to have over 36,000 Government purchases in amounts totaling al-

most \$2¾ billion set aside for small business. It has referred 32,000 small businesses to subcontract opportunities.

It has issued 400 certificates of competency involving over \$56 million of Government contracts to small businesses which were low bidders but which otherwise would have lost the contracts because of questions raised as to ability to produce.

It has worked with numerous colleges and universities in developing courses directed to the management problems of small business. Almost 12,000 owners and managers of small business have graduated from these courses conducted by over 150 educational institutions.

It has given individual technical assistance to many thousands of small firms.

SBA has developed numerous management, technical, and marketing aids, and has distributed approximately 4 million copies of such documents. It has developed and sold over a half million copies of publications on special subjects, such as the purchasing directory which tells the small-business owner the locations at which the Government buys the product which he manufactures.

For the month of April 1958 a new record of 427 small business loan approvals for \$20,-181,000 was set by the SBA. During April a total of 148 disaster loans in the amount of \$2,049,000 was approved. This is further evidence as to what the agency does in a typical month of its operations.

It must be remembered that the funds loaned by this agency are placed in the hands of thousands of small businessmen in the large cities, in the smaller cities and towns, and throughout the rural areas. I should like to also point out the interdependence of the small-business firm on main street with our agricultural economy. The loans made to small-business firms in the rural areas are also of assistance to the farmers in the same areas. As Mr. Barnes, Administrator of SBA, pointed out: "It is not unusual for proprietors of small firms to help the farmer by extending credit for the supplies and equipment he needs until his crops can be harvested. The long-term credit we are able to provide to businessmen in areas where crops have been heavily damaged or destroyed is making it possible in many cases for the small-business proprietor to continue to extend a line of credit to his farmer customers even in communities where local credit has been virtually exhausted."

There is much more I could say concerning the constructive program which SBA has given to our economy. But I do not believe that is necessary.

THYE DECISIVE

The time has come for a decisive vote on whether the Senate believes in what it says. I, for one, have gone down the line for a permanent Small Business Administration, and I intend to record another resounding "yes" vote for permanency today. There are many substantive arguments in favor of such a position. I have not heard any real argument to the contrary. If that be the case—let us eliminate any further question about the agency's status and make it permanent. I am ready to vote for a permanent agency.

Mr. THYE. Mr. President, I do not wish to take the time of the Senate to suggest the absence of a quorum. Therefore, I ask unanimous consent that the yeas and nays may be ordered on my amendment. If I am granted such unanimous consent, I shall not suggest the absence of a quorum. Otherwise I shall be obliged to make the point of no quorum.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Minnesota? The Chair hears none, and the yeas and nays are ordered.

Mr. THYE. Mr. President, the yeas and nays have been ordered on my amendment. I am ready for immediate action upon it.

Mr. KNOWLAND. Mr. President, I wish to state my unequivocal support of the pending amendment to establish the Small Business Administration as a permanent agency in the Federal Government. All of the Members of the Senate will recall that the Small Business Administration was first created 5 years ago and the history of its activities in the intervening period forms a sound foundation on which to establish it as a permanent entity.

Since its inception, the Small Business Administration has been able to have nearly \$3 billion set aside in Government orders; it has aided nearly 8,000 disaster victims with loans amounting to over \$81 million; it has approved business loans during this period of \$414 million.

Mr. President, the small farmer and the small-business man, with the contributions they make to their community, have always formed a rugged backbone for much of what we call the American way of life. We know that one of the tenets of international communism tactics against free nations is to eliminate the small entrepreneur so as to create and intensify a class struggle between big business and the workers. It is in our best interests to safeguard and assure a healthy climate for all of the economic elements in our society. In my judgment, we will have taken a positive step in this direction by approving the pending amendment to establish a permanent agency in the Federal Government for small-business activities.

Mr. ALLOTT. Mr. President, I wish particularly to commend the senior Senator from Minnesota [Mr. THYE] for his efforts toward establishing the Small Business Administration as a permanent administration. The Senator from Minnesota is known as the father of the Small Business Administration in this Government. His constant devotion to the solution of the problems of small-business men has been an important factor in keeping the Small Business Administration alive, and has made the administration a real help during the past few months of the recession.

I wish to commend the able senior Senator from Minnesota also for his excellent statement on the need for a permanent Small Business Administration. This need has been recognized not only by many members of this body, but by the House of Representatives, the President of the United States, and by small-business men throughout the country. My colleague long has been known to them as their champion and an expert in their particular problems.

I have spent considerable time studying the problems confronting small business in my State and in the national economy as well. I have taken a close look, too, at the operations of the Small Business Administration in the fields of financial assistance, procurement, management, and technical assistance. As a result of this research and study, I have drawn these several conclusions:

First. The SBA has performed, since 1953, a most vital function in supplementing the activities of our commercial banks by providing credit that otherwise would have been unattainable. There is a real danger that this credit gap would remain unfilled were it not for the existence of SBA.

Second. Since World War II the Congress and small-business men have been greatly concerned over the ability of small business to participate in defense production and over the effect of defense spending on concentrations within particular industries. Here again, SBA has performed a most important function. It has striven to assure small business a fair share of Government purchases of goods and services. The SBA's joint set-aside program, its referrals of prime and subcontracts, and its counseling have helped assure small business an opportunity to compete with larger businesses on an equitable basis.

Third. Much comment has been made within the last few years on the rate of failures of small-business concerns in our economy. We are all concerned with the survival of small business. Our economy has become so complex in the past few decades that the management of any business enterprise must be expert in many, many fields. It is not sufficient to know merely financing, or to know the technical aspects of production—the small-business man must be an expert in all fields. The SBA, through its management and technical counseling, has done and is doing much to assist small business in this extremely competitive economy of ours.

There is another issue here which may not be as readily apparent. The creation of a permanent Small Business Administration will provide a continuity of service to our small-business men that would not otherwise be true. By establishing SBA on a permanent basis, we assure its personnel a measure of security which will most surely be reflected in the quality of people who can be attracted to, and retained on, its staff.

At the same time there is a matter of dealings with other agencies and other governmental bureaus. As a permanent agency SBA will assume a firmer stature and a more authoritative voice in its many intragovernmental transactions—all to the benefit of the small-business man, and ultimately, to the American people.

As of June 26, 1958, there was only \$10 million in the SBA loan fund. Since this authority is rapidly running out, there is need to act and act quickly if we are to maintain the service to our small-business men.

The need for SBA is clear. There are over 4 million business units in the United States, 95 percent of them with 100 or fewer employees. There are those who talk of what they choose to describe as the rate of increase in small business failure. The truth, of course, is that there are more business establishments in the United States today than at any time during the preceding 25 years, and a third again more than a decade ago. The failures have more than been offset by

new corporations, new partnerships, and new firms operated by individuals.

It is incumbent upon us to join in immediate action and approve H. R. 7963. We must recognize the excellent work done by the SBA. Further, we must assure the small-business man that there will always be a Federal agency to which they may come for assistance. We must, therefore, accept the amendment, introduced by my good friend, the eminent senior Senator from Minnesota, and make SBA a permanent agency.

Mr. THURMOND. Mr. President, I am glad to be numbered among the supporters of the small-business bill, H. R. 7963.

The bill extends the benefits of the Small Business Act of 1953, as amended, through July 31, 1961. This act, as administered by the Small Business Administration, has been helpful in assisting small businesses in South Carolina and throughout the Nation, through its loan programs, through technical and managerial aid, and through its programs to help small business obtain government contracts.

The bill carries forward this helpful program and includes amendments which will make the program more effective.

It is important that the small-business man continue to have the opportunity to grow and prosper, in order to avoid monopoly conditions, to provide diversified employment opportunities, and to maintain the American tradition that every individual may have a reasonable opportunity to become the manager of his own business.

Mr. CLARK. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CLARK. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CLARK. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CLARK. Mr. President, I yield to the Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, this matter was considered very carefully by the committee. I know the senior Senator from Indiana, who is the ranking minority member of the committee, was present. I am not certain that all members of the committee agreed, but all those present agreed that the act should be extended for 3 years rather than permanently.

This does not mean that we are being critical of the organization at all. I think this is good governmental practice. It is the duty of the Committee on Banking and Currency to review the work of the organization. The SBA has been doing good work. I think the bill itself is an improvement of existing legislation, and is itself proof of the validity of the idea that periodically the operations of the organization should be reviewed.

I happened to have a good deal to do with the old RFC. I think one of the troubles with the RFC was that the Senate did not review its work as carefully and as often as it should have done. Under the administration of a very powerful man, Mr. Jesse Jones, the RFC became influential. Everyone accepted the word of Mr. Jones and the work of the RFC was carried on long after Mr. Jones had ceased to be its head. But we did not examine its operations carefully. We made a superficial study in 1948, but no one thought to go deeply into its operations.

Then, 2 years later, when we went into its operations thoroughly, we found conditions which, while they were not so horrible, needed to be corrected, and they were corrected.

I think it is good practice to extend the law for 3 years. Then our committee can again look into the operations of the Small Business Administration. The SBA will receive very sympathetic treatment. No one in the committee wishes to destroy it; we wish to keep it in good condition. It is an important facility in my State, as it is in other smaller States which do not have the extensive financial facilities which are available in the States of the Northeast.

The Senate recently passed S. 3651, which authorizes the formation of small business investment companies. This is a new, experimental program which will be under the jurisdiction of the SBA. It is a program for which some of us have great hopes. That is another reason why Congress should review and have consultations of the most serious kind concerning the administration of this organization.

I hope the Senate will not adopt the amendment. As I have said, the committee unanimously rejected it after giving it due consideration.

Mr. CLARK. Mr. President, unless other Senators desire to be heard, I will yield the floor and ask that the Chair put the question on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota [Mr. THYE]. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. COTTON (when his name was called). On this vote, I have a pair with the junior Senator from West Virginia [Mr. HOBLITZELL]. If the junior Senator from West Virginia were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

The rollcall was concluded.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Mississippi [Mr. EASTLAND], the Senator from Tennessee [Mr. GORE], the Senator from Texas [Mr. JOHNSON], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Virginia [Mr. ROBERTSON], and the Senator from Florida [Mr. SMATHERS] are absent on official business.

I further announce that if present and voting, the Senator from Florida [Mr. SMATHERS] would vote "yea."

On this vote the Senator from Mississippi [Mr. EASTLAND] is paired with the Senator from Virginia [Mr. ROBERTSON]. If present and voting, the Senator from Mississippi [Mr. EASTLAND] would vote "yea," and the Senator from Virginia [Mr. ROBERTSON] would vote "nay."

Mr. KNOWLAND. I announce that the Senator from West Virginia [Mr. HOBLITZELL] is absent because of illness. His pair has been previously announced.

The Senator from New York [Mr. JAVITS] and the Senator from Indiana [Mr. JENNER] are necessarily absent.

The Senator from Nebraska [Mr. HRUSKA] and the Senator from Nevada [Mr. MALONE] are absent on official business.

The Senator from Illinois [Mr. DIRKSEN] and the Senator from North Dakota [Mr. YOUNG] are detained on official business.

If present and voting, the Senator from New York [Mr. JAVITS] and the Senator from North Dakota [Mr. YOUNG] would each vote "yea."

The Senator from Nebraska [Mr. HRUSKA] is paired with the Senator from Nevada [Mr. MALONE]. If present and voting, the Senator from Nebraska would vote "yea" and the Senator from Nevada would vote "nay."

The result was announced—yeas 55, nays 26, as follows:

YEAS—55

Aiken	Hennings	Murray
Allott	Hickenlooper	Neuberger
Barrett	Humphrey	Pastore
Beall	Ives	Payne
Bennett	Jackson	Potter
Bricker	Johnston, S. C.	Purtell
Bridges	Kefauver	Revercomb
Bush	Kennedy	Saltonstall
Butler	Knowland	Schoeppel
Capehart	Kuchel	Smith, Maine
Carlson	Langer	Smith, N. J.
Carroll	Long	Sparkman
Case, N. J.	Magnuson	Symington
Case, S. Dak.	Mansfield	Thye
Church	Martin, Iowa	Watkins
Cooper	Martin, Pa.	Wiley
Curtis	Morse	Yarborough
Douglas	Morton	
Flanders	Mundt	

NAYS—26

Anderson	Goldwater	McNamara
Bible	Green	Monroney
Byrd	Hayden	Proxmire
Clark	Hill	Russell
Dworshak	Holland	Stennis
Ellender	Jordan	Talmadge
Ervin	Kerr	Thurmond
Frear	Lausche	Williams
Fulbright	McClellan	

NOT VOTING—15

Chavez	Hoblitzell	Malone
Cotton	Hruska	O'Mahoney
Dirksen	Javits	Robertson
Eastland	Jenner	Smathers
Gore	Johnson, Tex.	Young

So Mr. Thye's amendment was agreed to.

Mr. THYE. Mr. President, I move to reconsider the vote by which the amendment was adopted.

Mr. KNOWLAND. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table.

The motion to lay on the table was agreed to.

Mr. MORSE. Mr. President, I call up my amendments, which are at the desk and which are sponsored by myself, Mr. MURRAY, Mr. HUMPHREY, Mr. NEUBERGER,

Mr. CHURCH, Mr. MANSFIELD, Mr. JACKSON, Mr. MAGNUSON, and Mr. PROXMIRE.

The PRESIDING OFFICER. The amendments will be stated.

The CHIEF CLERK. On page 2, line 17, after the comma, it is proposed to insert the following, "to insure that a fair proportion of the total sales of Government property be made to such enterprises."

On page 20, line 11, after "procurement," to insert "and property disposal."

On page 21, line 12, after "procurement," to insert "or property disposal."

On page 22, line 17, after "officers," to insert a comma and "and officers engaged in the sale and disposal of Federal property."

On page 22, line 20, to strike out "procurement."

On page 23, line 1, to strike out "procurement."

On page 23, line 3, before "powers" to insert "or property disposal."

On page 23, line 5, to strike out "procurement."

On page 23, between lines 13 and 14, to insert the following:

(9) To obtain from any Federal department, establishment, or agency engaged in the disposal of Federal property such reports concerning the solicitation of bids, time of sale, or otherwise as it may deem pertinent in carrying out its functions under this act.

On page 23, line 14, to strike out "(9)" and insert "(10)."

On page 23, line 9, to strike out "(10)" and insert "(11)."

On page 24, line 1, after the comma to insert the following "to insure that a fair proportion of the total sales of Government property be made to small-business concerns."

On page 33, to strike out line 10 and insert in lieu thereof the following "receive any award or contract or any part thereof, and be awarded any contract for the sale of Government property."

On page 33, line 12, after "procurement" to insert "or disposal."

On page 33, line 15, to strike out "or."

On page 33, line 18, before the period to insert a comma and the following "or (4) to be in the interest of assuring that a fair proportion of the total sales of Government property be made to small-business concerns."

On page 36, between lines 9 and 10, to insert the following:

SEC. 22. Nothing contained in this act shall be construed to change any preferences or priorities established by law with respect to the sale of electrical power by the Government or any agency thereof.

On page 36, line 10, to strike out "Sec. 22" and insert in lieu thereof "Sec. 23."

Mr. MORSE. Mr. President, this amendment makes the Small Business Act applicable to sales of property by the Government. The present act deals only with procurement. The small-business men need this assistance. As an example, the Government sells over 8 billion board feet of timber from public lands and national forests. The amount now equals about one-fourth of the wood used by our Nation each year. The smaller firms have difficulty securing bids and financing road construction. What we propose here is to extend the

helpful aid of the Small Business Administration to products sold by the Government.

The problems of the small-business men have been considered in the Small Business Committee. In addition, the Interior and Insular Affairs Committee in 1955 heard testimony on the problems of timber procurement facing small timber operators. Subsequently, the Small Business Committee looked into this specific problem at the request of several Pacific Northwest Senators. Many of the witnesses appearing before these committees have expressed the need for gearing Government timber sales programs to better serve the free enterprise system by aiding small business in obtaining a fair share of the tremendous amount of timber sold by the Government annually.

Normally, before a legislative proposal such as that envisaged by this amendment is acted upon by the Senate, I prefer to have the advantage of consideration of the specific topic by the committee reporting the bill. However, the subject of help to small business in procuring Government timber has been before at least two committees of the Senate for many months, and the members of those committees have had ample opportunity to consider the problem.

The way to assist in resolving this small business procurement matter is to amend this act, which is designed specifically to assist small business. There is no question that the amendment is germane. It would be generally helpful to small-business men who buy from the Government.

I commend the senior Senator from Montana for first proposing the amendment, and it is my sincere hope that the Senator from Pennsylvania will accept the amendment.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. CLARK. I have conferred with other members of the committee with reference to the amendments proposed by the Senator from Oregon for himself and other Senators. I am prepared to accept the amendments.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. MORSE. I yielded to the Senator from Indiana.

Mr. CAPEHART. I think they are good amendments, and we are willing to accept them.

Mr. NEUBERGER. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. NEUBERGER. I should like to make one very brief comment on the amendments before the Senate. The able senior Senator from Oregon referred to hearings in regard to the problems of small timber operators which were held by the subcommittee of the Senate Committee on Interior and Insular Affairs in the Pacific Northwest.

I think the RECORD should show that one of the men who was most active in holding those hearings, a member of the Senate Interior and Insular Affairs Committee at that time, was the late Senator W. KERR SCOTT, of North Carolina. He helped to develop a great deal of valu-

able information about the way in which the small timber operators had been discriminated against, because he was aware of this problem in his own State and in his own part of the country. I should like the RECORD to show Senator SCOTT's dedication to this problem.

The PRESIDING OFFICER. The question is on agreeing en bloc to the amendments offered by the Senator from Oregon [Mr. MORSE] for himself and other Senators.

The amendments were agreed to.

Mr. CAPEHART. Mr. President, I call up my amendment identified as "6-24-58-C."

The PRESIDING OFFICER. The amendment of the Senator from Indiana will be stated.

The CHIEF CLERK. On page 6, beginning with line 14, it is proposed to strike out all through line 21, and insert in lieu thereof the following:

(d) There is hereby created the Loan Policy Board of the Small Business Administration, which shall consist of the following members, all ex officio: The Administrator, as chairman, the Secretary of the Treasury, and the Secretary of Commerce. Either of the said Secretaries may designate an officer of his Department, who has been appointed by the President by and with the advice and consent of the Senate, to act in his stead as a member of the Loan Policy Board with respect to any matter or matters. The Loan Policy Board shall establish general policies (particularly with reference to the public interest involved in the granting and denial of applications for financial assistance by the Administration and with reference to the coordination of the functions of the Administration with other activities and policies of the Government), which shall govern the granting and denial of applications for financial assistance by the Administration.

Mr. CAPEHART. Mr. President, all this amendment does is retain in the act we are now considering exactly the same language and the same kind of policy now in existence for the Small Business Administration, and which has been in existence since the inception of SBA.

Mr. CLARK. Mr. President, the committee originally rejected the amendment. Because of the administration's strong views that the present provision of the law is desirable and should remain in effect, the committee is ready to accept the amendment.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. SPARKMAN. Is this the provision which has to do with the Loan Policy Board?

Mr. CLARK. It is.

Mr. SPARKMAN. I should like to say a word about it. I do so for the reason that on several different occasions on the floor of the Senate I have taken advantage of the opportunity to advocate that we eliminate the Loan Policy Board. I was against it in the beginning because I felt it would take away from the Small Business Administration needed flexibility, and that the Small Business Administration would find itself closely controlled by the Secretary of the Treasury and the Secretary of Commerce.

Mr. President, I was sincere in that belief, but I also am sincere in stating that after having observed the operations of

the Small Business Administration over the several years it has been functioning, I have come to the conclusion that the Loan Policy Board was not restrictive on the Small Business Administration, but has been operating very well. Generally speaking, wise policies have been adopted and the Board has been very helpful. I will say I am agreeable to the amendment now proposed by the Senator from Indiana.

SEVERAL SENATORS. Vote! Vote! Vote!
The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Indiana [Mr. CAPEHART].

The amendment was agreed to.

Mr. BUSH. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 14, lines 21 and 22, it is proposed to strike out "\$350,000" and to insert "\$250,000"; and on page 15, line 15, strike out "\$350,000" and insert "\$250,000."

Mr. BUSH. Mr. President, I shall not detain the Senate more than 2 or 3 minutes on the amendment, and I shall not ask for a yea and nay vote on it. However, I think the committee has gone too far in raising the limit on small-business loans to \$350,000. The purpose of my amendments is simply to hold the line at \$250,000, which has been found by the administration to be more than adequate.

The PRESIDING OFFICER. The Senator will suspend until the Senate comes to order. Senators will please desist from conversation.

The Senator from Connecticut may proceed.

Mr. BUSH. Mr. President, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks a letter addressed to me by the Small Business Administrator, Wendell B. Barnes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Connecticut? The Chair hears none and it is so ordered.

(See exhibit 1.)

Mr. BUSH. Mr. President, I should like to invite attention to the fact that 53.9 percent of the loans which have been made by the Small Business Administration have been under \$25,000, and another 35.4 percent have been under \$100,000. Only 5.7 percent of the loans have been between \$100,000 and \$150,000, and only 4.3 percent of the loans have been between \$150,000 and \$250,000.

It is perfectly clear that there is really no need for increasing the size of the loans. For that reason I offer the amendment to hold the limit at \$250,000.

EXHIBIT 1

SMALL BUSINESS ADMINISTRATION,

OFFICE OF THE ADMINISTRATOR,

Washington, D. C., June 13, 1958.

HON. PRESCOTT BUSH,
United States Senate,

Washington, D. C.

DEAR SENATOR BUSH: In connection with the question of the proper maximum limit for the size of our loans, I am furnishing you

data on the number of our business loans in each size group through March 31, 1958. These are the cumulative figures for the life of this Agency.

Business loans approved by size of total loan

SIZE AND NUMBER OF LOANS	
\$5,000 and under	617
\$5,001 to \$10,000	1,287
\$10,001 to \$25,000	3,232
\$25,001 to \$50,000	1,913
\$50,001 to \$100,000	1,473
\$100,001 to \$150,000	545
\$150,001 to \$250,000	407
\$250,001 and over	68
Total	9,542

PERCENT OF TOTAL LOANS	
\$5,000 and under	6.5
\$5,001 to \$10,000	13.5
\$10,001 to \$25,000	33.9
\$25,001 to \$50,000	20.0
\$50,001 to \$100,000	15.4
\$100,001 to \$150,000	5.7
\$150,001 to \$250,000	4.3
\$250,001 and over	.7
Total	100.0

If I can be of any further assistance in this matter, please let me know.

Sincerely yours,

WENDELL B. BARNES,
Administrator.

P. S.—It occurred to me that the average size of SBA loans may be of interest to you.

Average size of loan, July 1, 1957–May 31, 1958: Number of loans, 3,479; total, \$48,878; SBA share, \$41,496.

Cumulative from October 1, 1953–May 31, 1958: Number of loans, 10,575; total, \$46,793; SBA share, \$39,181.

Mr. SPARKMAN. Mr. President, I should like to speak in opposition to the proposal of the Senator from Connecticut and in favor of retaining the figure which the committee has written into the bill.

I will admit the correctness of the figures the Senator from Connecticut has submitted. It is true that only a relatively small number of applications would ever be for an amount in excess of \$250,000. However, there are those who need more than \$250,000. When a small company needs a larger amount, it should have an opportunity to get it.

Mr. President, in 1953 when we passed the original bill we set the approved limit at \$150,000. In 1955 we increased the limit to \$250,000. When the proposal was made to increase the limit from \$150,000 to \$250,000 exactly the same argument was presented, namely, that most of the loans were in the lower figures. Of course the loans for the most part are in smaller amounts. That will always be the case. Nevertheless, in the 3 years after we increased the limit from \$150,000 to \$250,000 there were 475 loans which exceeded \$150,000 and came between the \$150,000 and the \$250,000 limit. Those loans were among the total of some 800,000 loans approved in that period of time. Therefore, it is evident that the Small Business Administration has found qualified small businesses which require more than \$150,000.

Even more significant, Mr. President, is the fact that the Small Business Administration has made 68 loans in excess of \$250,000 in the past 2 years and 8 months, since the change was made. Of course, the Small Business Administra-

tion was limited to \$250,000, but they were able to find banks to take the excess over \$250,000. Again it has been shown there is a field of need for loans in excess of \$250,000.

Mr. President, during May of 1958, a recent month, a record number of loans were approved by the SBA, the total being 606. Of these 33 were for more than \$150,000 and 9 were for more than \$250,000. The Small Business Administration of course was limited to \$250,000 in all cases.

Some of the businesses which required more than \$250,000 were: a meat processor and wholesaler, a motel and restaurant, a manufacturer of gas and electric stoves, a commercial fisherman, a manufacturer of cotton gins, a truck rental company, an asphalt paving firm, a lumber mill, and a crude oil refinery.

Mr. President, I can give a few examples of cases to demonstrate wherein small businesses are in need of loans in excess of \$250,000.

For instance, we have had a good many inquiries from those in small business engaged in canning. I invite particular attention of Senators to a canner with a seasonal pack of the value of approximately \$2 million. The canners point out that they must finance the entire pack until they can deliver it to their customers. Both the chain stores and the Federal Government are very strict about this matter.

There is a small Virginia canner who has won military orders for \$800,000 worth of canned goods, but he will not receive any money from the Government for at least 4 months, and the last \$200,000 will not be paid until 15 or 16 months after the canner has purchased the crop and paid for putting it in cans. That is a typical case of a small business which needs more than \$250,000.

Mr. President, I submit, even though the total number of applicants requiring more than \$250,000 will be small it will be as important for that small number to be able to get the amount required as it will be for the great mass of small-business men to get the much smaller amounts. Therefore, I submit we ought to raise the figure, and I hope the committee position will be sustained.

Mr. BUSH. Mr. President, I shall not debate the point further except to say that the same argument the Senator makes could be made in favor of a \$400,000 or a \$500,000 limitation. There always will be applicants, no matter how high the limit may be. One cannot take issue with the Senator when he says there is a need. There will always be a need for loans of any size. I think the present loan limit is appropriate. Nothing has happened since the figure was raised from \$150,000 to \$250,000 to justify another increase of \$100,000, so I hope that my amendment will prevail.

With respect to the size of the loans, Mr. President, I wish to say that in the letter which I asked to have printed in the RECORD, I noted with interest that from October 1, 1953, until May 31, 1958, it was stated there were 10,575 loans made, and the average size of the loan was \$46,793.

From July 1, 1957, to May 31, 1958, a period of 11 months, there were 3,479 loans, of an average size of \$48,878. So it is obvious that the increase in the average size of the loans in the current fiscal year is very little different from the cumulative record of 5 years which I have just read.

Mr. THYE. Mr. President, I rise to oppose the pending amendment. I commend the committee for having written the figure of \$350,000 into the bill for this reason: I submitted evidence for the RECORD this afternoon from my State showing that there had been loans in excess of \$250,000. Sometimes the local bank assumes the difference. In one case the Bank of Willmar picked up an additional \$30,000 of a loan because there was insufficient authorization under the act. Therefore, I commend the committee for having written the increase into the bill.

I have heard from a great number of businessmen and banks that it would be desirable to have the larger sum in the lending authority. In many instances it will not be used, but there will come a time when the administrator will be justified in going above the present limit of \$250,000.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Connecticut [Mr. Bush]. [Putting the question.]

The amendment was rejected.

Mr. MORSE. Mr. President, I should like to have the attention of the Senator from Pennsylvania for a moment.

I observe that the pending bill, as reported by the Senate Committee on Banking and Currency, contains the following provision on page 37, in section 4:

SEC. 4. The Secretary of the Treasury is hereby authorized to further extend the maturity of or renew any loan transferred to the Secretary of the Treasury pursuant to Reorganization Plan No. 1 of 1957, for additional periods not to exceed 10 years, if such extension or renewal will aid in the orderly liquidation of such loan.

I ask the Senator from Pennsylvania if this is not in essence the legislative proposal which I introduced in the Senate on August 7, 1957, as Senate bill 7229, except that the committee amendment provides a limit of 10 instead of 15 years for permissive extension of RFC loans.

Mr. CLARK. The Senator is correct.

Mr. MORSE. I thank the Senator from Pennsylvania.

I wish to express my appreciation to the Committee on Banking and Currency and the Senator from Pennsylvania for including this provision. It will be of great help to small-business firms in Oregon and elsewhere in the Nation.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a statement which I made to the Senate Committee on Banking and Currency in support of my bill, Senate bill 7229.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR WAYNE MORSE BEFORE THE SMALL BUSINESS SUBCOMMITTEE OF THE SENATE BANKING AND CURRENCY COMMITTEE ON S. 2729

Mr. Chairman and members of the subcommittee, I appreciate this opportunity to present my views on the bill, S. 2729, which is now pending before your subcommittee. This bill would authorize the Secretary of the Treasury to further extend the maturity of or renew certain loans made by the Reconstruction Finance Corporation for periods up to 15 years, if the extension or renewal would aid in the orderly liquidation of the loan.

The loans to which S. 2729 relate are those which were made by the Reconstruction Finance Corporation under section 4 (a) of the Reconstruction Finance Corporation Act of 1947, as amended, and which were transferred to the Secretary of the Treasury pursuant to Reorganization Plan No. 1 of 1957. The final maturities of such loans are now limited by section 4 (b) (2) of the Reconstruction Finance Corporation Act of 1947, as amended, which provides in part as follows:

"No loan, including renewals or extensions thereof, may be made under sections 4 (a) (1), (2), and (4) for a period or periods exceeding 10 years * * * *Provided further*, That any loan made under section 4 (a) (1) for the purpose of constructing industrial facilities may have a maturity of 10 years plus such additional period as is estimated may be required to complete such construction."

In view of the foregoing provisions, the Secretary of the Treasury today lacks authority to extend or renew any of the loans referred to beyond the 10 years specified in the statute. However, if S. 2729 were enacted as I propose, the Secretary of the Treasury could extend or renew any of the loans for additional periods not to exceed 15 years, provided, of course, the extension or renewal would aid in the orderly liquidation of the loan.

The reasons for the enactment of the proposed legislation may be briefly stated as follows:

1. It is unrealistic to require every business enterprise which obtained a loan from the Reconstruction Finance Corporation to repay its indebtedness within 10 years. We all know there are many sound businesses which require a longer period for loan repayment, and to exact payments of such borrowers on a 10-year basis can only assure the immediate depletion of their working capital. With working capital depleted, these businesses are unable to repair and maintain their plants or to undertake capital improvements necessary to maintain a competitive position. Finally, such businesses are without the means to purchase inventories and supplies and to meet payrolls when they come due.

2. As working capital is depleted and liquidation becomes imminent, borrowers are unable to interest any new investment in their businesses or secure private refinancing.

3. Perhaps the most compelling reason for the passage of S. 2729 lies in the fact that the Secretary of the Treasury has taken the position that there is no alternative but to institute foreclosure proceedings or other such means of loan collection if a loan is not fully repaid within the period now prescribed by statute (or reasonably soon thereafter) even though the loan could be repaid from earnings if additional time were afforded.

As final maturity dates approach, the situations referred to above become increasingly evident and more demanding of corrective

action. Action should therefore be taken now to authorize the Secretary of the Treasury to further extend or renew any such loan if the extension or renewal would aid in the orderly liquidation of the loan.

In order that the subcommittee may have the benefit of a specific illustration of the type of case for which the relief proposed by S. 2729 is required, I would like to quote from a letter I received recently from an Oregon firm engaged in the business of producing hardboard and softboard. This firm, the Oregon Fibre Products, Inc., of Pilot Rock, wrote to me under date of April 7, 1958, and I quote from a portion of its letter: "Oregon Fibre Products, Inc., borrowed over \$3 million from the RFC and still owes \$2,750,000 which is being repaid at the rate of \$45,000 per month with certain interim adjustments."

"The Treasury has indicated its agreement to authority to extend loans up to 10 years, but this period is not enough to aid Oregon Fibre Products, Inc., as our best judgment is the loan should be extended for 15 years, giving a total of 20 years from the present time and this would place monthly payments at about \$18,500 per month."

"Accordingly we request that you secure the passage of S. 2729 with authority to extend loans for 15 years. If any change is to be made in the bill, the time for extension should be increased to 20 years. The reasons for the passage of the present bill, in addition to what we have stated above are as follows:

"(1) The bill is permissive not mandatory. If passed, Treasury can refuse to extend loans if it so desires or it can extend them for 1 year, 2 years, etc., up to 15. If Treasury believes extensions should not exceed 10 years, it has authority under the bill to limit extensions to 10 years.

"(2) Every effort has been made to accede to the Government's wishes and refinance the Oregon Fibre Products loan privately, but with the high interest rates and tightness of money, it has been impossible to do this thus far. It is our firm conviction that if Treasury were to extend the present loan for an additional 15 years, thus giving a maturity of 20 years, it would allow the loan to be refinanced privately much more quickly than it will be possible to accomplish on the present terms.

"(3) With the reduced monthly payments, the company can accumulate a reasonable cash reserve and strengthen its financial position which in a reasonably short time will greatly assist in refinancing the loan privately.

"(4) Oregon Fibre Products, Inc., will continue to make every effort to have the loan refinanced privately and this will aid in the Treasury's liquidation program.

"(5) This bill S. 2729 will not only give Treasury authority to reset the Oregon Fibre Products loan on a reasonable basis, but it will also allow the resetting of all other loans. Hence, Treasury can decide the granting of extensions and the extent of them on grounds of the best interest of the company involved as well as Treasury's best interests.

"(6) An extension of loans on a reasonable basis will allow the building up of the business on a sounder basis and thus assure a greater stability in employment.

"I might add that this company not only has a substantial payroll in a community that is dependent to a considerable extent upon its continued operation, but also has a considerable number of stockholders and debenture holders who are scattered throughout the State of Oregon and principally in the Pendleton and Portland areas. Hence, it will be appreciated if you will do what you can to have the bill considered and passed

with authority for 15 years, or 20 years, if possible."

The foregoing letter will, I am sure, demonstrate to the members of the subcommittee that legislation of the type proposed by S. 2729 is urgently required. I shall appreciate the subcommittee's thorough and sympathetic consideration of this bill.

Mr. MORSE. I want the members of the Committee on Banking and Currency to know that I appreciate very much the courtesy they extended me in this connection. I believe that the committee's modification of my bill, reducing the period from 15 years to 10 years, does not in any way jeopardize the objectives of the bill.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

Mr. PAYNE. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a statement which I had prepared in support of the pending measure.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR PAYNE ON THE SMALL BUSINESS ACT OF 1958

The American people from the earliest days of their identity as a Nation have based their economic institutions on the principle of free enterprise. Every American is familiar with the meaning of this philosophy. In essence it denotes the freedom of private business to organize and operate for profit in a competitive system. There is little doubt in my mind that this economic principle which has guided the industrial and commercial development of our Nation is the most important single factor explaining the phenomenal growth of the United States from an undeveloped coastal colony to the sprawling industrial giant which it is now. Free enterprise has permitted the full utilization of our native talent, and it has also directed our industrial and commercial expansion into efficient channels making effective use of our vast natural resources. In addition, free enterprise has been an indispensable adjunct to the development of American Democracy. It has given to the economic sector of our national life the basic foundation for industrial and commercial freedom and for the independence of all segments of our economy from controls and regulations whether sponsored by private groups in the form of cartels and monopolies or by public groups in the form of dictatorial political powers. Free enterprise is today inseparable from the American way of life, and, like all other cherished American institutions, we must vigilantly guard it against the pressures and trends which would seek to submerge it as a living principle of the American way.

This need to preserve free enterprise has led the American people time and again to develop legislation protecting all segments of the Nation's economy against unfair methods of competition and other abuses detrimental to a free economy. Today we in this great Chamber are considering more legislation of this very nature. This time it is aimed at preserving what is probably the most important single part of the American economy—small business. Small business has always been and must continue to be the very heart and soul of the Nation's

economy, because it is here where we find the deepest roots of the free-enterprise system. It is here where the give and take of competition is most intense. It is here where individual or family private ownership is most prevalent. Small business forms the very foundation of the American economy. Lose it and we cannot but help lose one of our most precious and cherished democratic institutions.

Yet today there is great reason to believe that we cannot take the existence of small business for granted. Small business is in serious danger, and unless efforts are promptly made to permit it to continue its vital role in our economy, there is the possibility that small business will leave the American scene. Inevitable with the rapid growth of our Nation has been the development of huge industrial empires. So-called "big business" has been necessary to develop a big Nation in a big way. No one will deny this. Yet, despite efforts of the Federal Government and of the leaders of big business itself to delineate the powers and effects of big business, there is little doubt that certain inherent characteristics have given our industrial giants advantages over small business enterprises which could well prove fatal unless similar advantages are extended to small business. The legislation before us today is intended to accomplish this. It represents nothing drastically new. It represents, however, the extension and improvement of past legislation assisting small business which Congress has seen fit to enact and the President to sign.

The competition which small-business men face from big business exists in practically every phase of business activity. The small-business man operates at a disadvantage at practically every turn. He borrows at a higher rate of interest. He pays more when buying at less than carload lots. He must charge more when shipping at less than carload lots, and his per unit costs are higher since his overhead takes a greater percentage. In distribution and sales he can seldom operate as effectively as large corporations with nationwide chains of outlets and multimillion dollar advertising campaigns. In other words, at practically every turn the small-business man is at a disadvantage. For this reason, the rate of failure among small businesses has been exceedingly high and increasing year by year. In 1957, for example, the rate of business failure in this country was 52 per 10,000 enterprises—the highest for any year since 1941. Of the total number of failures in 1957, 73 percent was among retailers with liabilities under \$25,000—in other words among small businesses. And this occurred during a comparatively prosperous year. 1958 with its economic slump will undoubtedly record a much higher rate of failures. And, of course, the rate of failure is not the only evidence of the problems faced by small business. Closeouts and mergers are additional evidence and these have also been increasing year by year. It can be said with certain accuracy that small business in America today stands at a crossroad. The next decade will determine its destiny. We must, in behalf of the better interests of the Nation, do all within reason to permit small business to have available the resources to balance the great advantages enjoyed by big business. We must assist small business in every legitimate way in order that it might survive these transitional times and continue to contribute to the American way of life.

The health of our Nation's small businesses is a matter of general concern and responsibility. Since it affects all Americans it is not a problem to be left solely with the small-business community itself. It is both too far reaching for this and too great a burden. The needs of small business are such that they must obtain Federal assistance in order to be met.

What are these needs? Although they might be stated in many ways they can usually be grouped under two headings: first, professional information and advice; and secondly, financial assistance. Under previous administrations the first need was almost entirely overlooked while the second was met through the all-inclusive operations of the Reconstruction Finance Corporation. Under RFC, however, the requirements of small business could not receive the special attention which is so necessary to solve the problems faced by small-business men. RFC made loans to all types of businesses as well as to various public bodies and even to foreign governments. It was used as a vehicle for a wide variety of new Federal programs of financial assistance and, consequently, assistance to small business was merely part of a much larger program. Under such circumstances small business could never receive the separate treatment which it badly needed. Likewise, the informational programs sponsored by the Department of Commerce were essentially oriented toward larger business enterprises. Small-business men, therefore, found the Department lacking in its ability to assist them with adequate informational resources. As a result of all this, small-business men through their associations began voicing the need for a coordinated program for small business, one which would give them assistance geared especially to their type of enterprise.

As we all know, during the later years of the Truman administration a study of the RFC was undertaken by a committee headed by my good friend and distinguished colleague from Arkansas, Senator WILLIAM J. FULBRIGHT. The extensive study of this depression-born agency resulted in a call for its liquidation since it was shown that it had outlived its usefulness and was no longer needed. This was the situation when I entered the Senate early in January 1953. It was my privilege at that time to be made chairman of the Banking and Currency Committee's Subcommittee on the Reconstruction Finance Corporation, and as such I was able to make further studies of the RFC. The conclusions reached at that time showed that, while the agency had efficiently and effectively fulfilled its original purpose, only a few of its activities continued to be of any real value. Among these, however, was the loan program for small business which was playing an increasingly important role in the maintenance of a free and healthy economy. Following this conclusion, the administration in May 1953, recommended early termination of the RFC and the creation of a new small-business agency to take over the small-business loan functions of the RFC. In addition, this new agency would assume the former responsibilities of the Small Defense Plant Administration in regard to military procurement contracts and it would also take on the responsibilities of the Department of Commerce in the area of management and technical advice. This new organization, in other words, was to be completely oriented toward the small-business man and his problems. These proposals, in my estimation, have been among the most enlightened and constructive achievements of the Eisenhower administration.

Taking these recommendations as the basis for new legislation, the Banking and Currency Committee, under the able chairmanship of my good friend and distinguished colleague, Senator HOMER CAPEHART, drafted a small-business bill which has since proven to be a milestone in small-business legislation. It was my privilege to assist in steering this bill through the Senate to final passage and to thereby play a part in the creation of the first Federal agency specifically designed to sustain the health of small business in the United States. The bill was signed by the President on July 30, 1953, and

later that summer the Small Business Administration commenced operations.

In the more than 4 years since it was established, the Small Business Administration has done an outstanding job of providing competent and necessary services to the small-business men of America. SBA's activities can be divided into three general areas: financial assistance, Government procurement assistance, and management assistance. Under financial assistance a loan program comprised of two separate funds has been inaugurated. One fund provides for disaster loans at not more than 3 percent interest for periods up to 20 years to small businesses in areas affected by floods, droughts, and other natural catastrophes. Small businesses operating in such areas many times need credit to carry them through the critical period following disaster. Often the credit resources of the area are spread so thin that the small businesses cannot obtain the loans which they need to carry on. It is to fill this need that the disaster loan fund was created, and the value of this program is best attested by the more than 6,750 disaster loans totaling more than \$66 million which have been approved to date. In my State of Maine alone, some 81 disaster loans have been made totaling \$97,000.

The second fund is for business loans. Business loans are made to small concerns unable to obtain full financial assistance elsewhere but which offer reasonable assurance of repayment. Banks and other private credit sources often refuse to make loans when there is the least amount of risk involved. SBA, on the other hand, will accept certain risks on the sound assumption that the benefits accruing to the economy and the Nation as a result of such assistance more than justify the hazard involved. Furthermore, comparatively few cases of default on such loans have been recorded. Every company, both large and small, endures periods of financial stress which can be met and overcome. SBA business loans at such times serve a most valuable function to the small businesses directly involved and to the entire national economy.

Since the beginning of SBA, over 9,969 loans have been approved across the Nation valued at more than \$466,173,000. Maine alone has received 75 loans valued at \$3,029,000. Without this assistance, many small businesses in the Pine Tree State would be in dire difficulties as a result of the current temporary economic slump; a slump which for Maine has been of several years' duration. In the past year loan activity in Maine has been increasing much faster than the national average. SBA, therefore, is being of great assistance at a difficult time. Furthermore, a field office has recently been opened in Maine and it is likely that this will allow more and more Maine small-business men who need assistance to take advantage of SBA's programs. In view of the considerable distance, many parts of Maine are from the SBA regional office in Boston, the establishment of a field office for Maine had my complete support. I am firmly convinced that this office will provide Maine businessmen with much better contact with SBA and will allow them to be better informed concerning the organization's activities.

The procurement assistance efforts of the Small Business Administration have as their primary goal the channelling of the greatest possible share of Federal contracts to small business concerns. SBA personnel are constantly reviewing contracts to discover products both of a prime contract and subcontract nature which are suited to production by smaller concerns. As these determinations are made such products are set aside on a nationwide basis for exclusive award to small businesses. In the past year, the value of such set-asides amounted to over

\$800 million and involved more than 8,000 different contracts.

The production and management assistance of SBA is made available to small-business men through a counseling service, publications, and even college courses. SBA's 15 regional offices have specialists in every phase of business activity, and these men stand ready to answer requests for aid. Beyond the regional offices are 27 field offices which act as information centers and clearinghouses for requests.

This, then, in very brief terms is what the Small Business Administration is doing in its vital role of assisting our Nation's most important economic sector. This role must be continued and enhanced. It is my firm conviction that the legislation before us today will have this effect.

Probably the most significant feature of this omnibus small business bill is its provision to extend the Small Business Administration for 3 years. As I have tried to show, SBA has been by far the most effective and efficient vehicle by which the Federal Government has been able to contribute a measure of assistance to our small business community. Year after year, however, SBA's very existence has been uncertain because of the lack of permanency. Each year its fate has been in the hands of Congress. It has, therefore, been difficult for SBA to undertake the type of studies and planning which are necessary to meet fully the long-range needs of small business. The problems of small business are often such as to call for continued studies and plans scheduled for several years' duration. Such undertakings, however, are extremely difficult for a government agency whose existence is made uncertain from one year to the next.

Last year I introduced legislation to make the SBA a permanent agency. This provision had the strong support of the administration. It was decided in committee, however, that a 3-year extension should be recommended. Although I would prefer establishing SBA on a permanent basis, I will accept a 3-year extension as being far preferable to a 1-year extension but urge my colleagues on the committee and here in the Senate Chamber to give serious thought to giving SBA the permanent status it so highly deserves.

Another provision of the omnibus small business bill which I feel is important is one which would permit local and State tax liens against small businesses which have collapsed to be collected prior to any obligation these businesses might owe the Small Business Administration. Present law gives the SBA priority over such tax liens. This is unfair to local and State governments and is not in accordance with the accepted practices of other Federal agencies. This provision was embodied in a bill I introduced earlier this year for myself and Senator MARGARET CHASE SMITH.

The omnibus small business bill includes many other provisions which are designed to improve the organization and the activities of the Small Business Administration and to offer more effective assistance to the Nation's small business enterprises. It is vital, therefore, that this bill be passed by the Senate and the House and enacted into law. By so doing, it is my belief that we will be contributing a great deal to the elimination of certain inequities in our present economy which endanger small business, and the little fellow who is so necessary for the continuation of our system of free enterprise will be able to look to the future with confidence.

Mr. HUMPHREY. Mr. President, rather than take the time of the Senate, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a brief statement

which I have prepared in support of the bill and the committee amendments.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR HUMPHREY

I strongly support the objectives of the pending bill to amend H. R. 7963, in particular the provisions which increase the authority to make business loans from the revolving fund of the Small Business Administration by \$295 million, and the increase in the maximum amount of individual loans to \$350,000. These are realistic and needed improvements in the legislation.

The committee amendment, section 9 of the bill, is a significant step forward, for it permits active participation by the Small Business Administration in the efforts of small-business concerns to obtain Government research and development contracts, to share in the benefits accruing from research and development performed by larger business under Government contract, and to band together for research and development work without violating antitrust laws and other Federal trade laws. This bill proposes a 3-year continuation of the Small Business Administration. Frankly, I favor the placing of this agency on a permanent basis, as I have for years. Therefore, I shall support the amendment to make the Small Business Administration a permanent Federal agency. It is quite obvious to me, after many years of study and intimate familiarity with the very serious problems of small-business men in America, that without the special assistance made possible by this agency, the growing power of monopoly, public indifference, and the natural inertia of Government procurement officials who prefer to work with the great corporations, would make it difficult for American small business to survive at all.

We have by no means provided all the help that small business needs to survive, but we would be taking a strong step forward by making the Small Business Administration a stable, permanent agency.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H. R. 7963) was passed.

Mr. CLARK. Mr. President, I move that the Senate insist on its amendments and request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. FULBRIGHT, Mr. ROBERTSON, Mr. SPARKMAN, Mr. CLARK, Mr. CAPEHART, Mr. BRICKER, and Mr. BENNETT conferees on the part of the Senate.

PROGRESS ON ST. LAWRENCE SEAWAY

Mr. WILEY. Mr. President, tomorrow, I, along with a number of others, will have the pleasure of attending the formal opening of the Eisenhower and Snell Locks, and related United States-Canadian facilities, of the United States St. Lawrence seaway.

This event marks one more significant step toward completion of the seaway project.

As we know, the final date for completion is scheduled for April 1959.

At 8 a. m. this morning, a scheduled blast of 30 tons of explosives blew up

a 600-foot rock-and-earth cofferdam in the north channel of the St. Lawrence seaway, near Massena, N. Y., and Cornwall, Ontario.

The result of today's blast flooded 38,000 acres of land to form a lake of 25 miles long and 40 to 80 feet deep. The lake has a dual purpose: (1) to provide a huge water reservoir for power; (2) to form a portion of the deep-water highway for ships of the world.

I am sure that our colleagues who, like myself, have supported this splendid project, find deep pleasure at this milestone of progress.

Again I want to stress, however, that we, in Wisconsin, as well as in other States bordering the Great Lakes west of Lake Erie, will not consider the project really completed until the work on the Great Lakes connecting channels is finished.

Until the channels between Lake Erie and Lake Huron are also deepened, we, in the States beyond this point, will be denied the benefits of deep-sea traffic through the seaway.

That is why I am again urging our colleagues on the Public Works Committee to approve a \$30 million appropriation for construction work on the channels for 1959. Meanwhile, of course, I am pleased that progress on the seaway itself is surging ahead.

The Sunday edition of the Milwaukee Journal carried an excellent article giving a detailed picture of the opening of the new section of the seaway.

In addition, today's Baltimore Sun carried an editorial on this development. It was a pleasure to note that this fine newspaper—published in the eastern area from which has come much opposition to the development of the seaway—characterizes the dual seaway-power project as a step in progress that had to come.

I request unanimous consent to have these articles printed at this point in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Milwaukee Journal of June 15, 1958]

HUGE BLAST TO "PULL" MAJOR SEAWAY PLUG— TONS OF EXPLOSIVES WILL OPEN CHANNEL ALONG ST. LAWRENCE WATERWAY

At 8 a. m. on July 1 a surge of electricity will zing along a wire in the International Rapids section of the St. Lawrence River and seaway.

Thirty tons of explosives will geyser hundreds of tons of earth, rock and boulders. A 20 foot wall of water will roar into its old channel. The last major plug in the mighty river will have been pulled. The next to last phase in the gigantic seaway and power project will start.

That phase is the flooding of 38,000 acres of scenic New York and Ontario farm and vacation land to form a 25 mile long, 40 to 80 foot deep lake.

DOUBLE PURPOSE

The lake has a double purpose: To form a huge water reservoir for power; to form a deep water highway for ships of the world. The lake will take shape and fill up in 4 days.

To build the massive dam, canal and lock structures in the dry, the course of the St. Lawrence had been diverted first this way, then that.

The last big diversion structure is a 600 foot long rock and earth cofferdam in the north channel between Barnhart and Sheek Islands near Massena, N. Y., and Cornwall, Ont. That is the one which will be blasted skyward July 1.

LIKE TENNIS BALLS

What the explosives don't accomplish, the rush of the river—240,000 cubic feet a second—will. Such a flow handles boulders as if they were tennis balls.

The water won't rush far, about 2 miles. It will stop at the second largest hydroelectric plant in the world, built by the dovetailed efforts of the New York State Power Authority and Ontario Hydro at the foot of Barnhart Island.

Then it will start backing up, for 25 miles to old Iroquois, Ontario. It will roll over rich farm acres, over sheared off villages, part of a golf course, highways, railroad rights-of-way, the locks and canals of the old 14-foot seaway on the Canadian side. Islands will disappear or be reduced to specks. New islands will be created. The vicious but beautiful Long Sault Rapids will disappear.

RECREATIONAL AREA

At the powerhouse the water will form a power "head" of 81 feet. The new lake, as yet unnamed, will be nearly $4\frac{1}{2}$ miles wide near the powerhouse, tapering to a quarter mile at the upstream end. It is destined to become a major North American recreational area.

Within 3 days, the pool will have risen high enough to test the 8 turbines and generators so far installed, 4 each by Ontario Hydro and the New York Power Authority. When all installations are completed next year, there will be 32 generators, each with about 57,000-kilowatt capacity, for a total of 1,880,000.

New locks in the International Rapids section are virtually ready to accept big ocean ships drawing up to 27 feet, compared with 14 feet in the old seaway.

LOCK LONG READY

The Canadian lock at Iroquois has been ready since last fall.

The two United States locks near Massena—the Eisenhower and the Bertrand H. Snell (formerly the Grasse River)—now are undergoing testing in the dry. Wet testing will start soon.

All the locks are 800 feet long, 80 feet wide and 30 feet deep. Four other Canadian locks, upstream from Montreal, will be ready next spring. Not until then will major ocean ships be able to use the full length of the new seaway.

TOKEN SAILINGS

The new United States locks will first be used by ships on July 2, the day after the start of flooding. But these will be only token sailings, part of lock opening ceremonies.

All commercial shipping into and out of the Great Lakes will be stopped above and below the 25-mile International Rapids section during the pool raising. When the traffic is resumed, it will move along the new seaway route—through the Eisenhower and Snell locks and the 10-mile-long Wiley-Dondero channel—on the United States side of the international border.

[From the Baltimore Sun of July 1, 1958]

THE ST. LAWRENCE

Today's lively doings on the International Rapids section of the St. Lawrence River will not bring the St. Lawrence seaway project to completion. That is something for next spring, when the 1959 shipping season opens. But today's events are an imposing prelude underscoring the magnitude of the American-Canadian seaway and power undertaking.

The dynamiting of a temporary dam will permit the St. Lawrence to return to two of its old courses through the Barnhart Island area. These courses have been altered.

Across one is the new power dam that is eclipsed in production in this country only by the Grand Coulee Dam in the State of Washington. Along the other course (the actual route of the seaway) the Eisenhower and Snell locks have been built.

With the cofferdam eliminated, water will begin backing up behind the power dam and the two locks—and the face bestowed by nature on the International Rapids will be drastically changed for all time. What is far more important, the most difficult stretch of the deep-draft ship channel between the Great Lakes and the Atlantic Ocean will come into being, and a huge addition to power supply for the adjoining areas of the United States and Canada will be made.

We along the Atlantic coast who look on the seaway as the spawn of new competitors for international commerce have tended to overlook the hydroelectric power side of the undertaking. Actually it was the quest for power, rather than the seaway, which drew such strong Canadian demands for the St. Lawrence development.

There is no way of knowing for sure the extent to which Atlantic coast ports will be hurt by the ship channel to the Great Lakes. But the dual seaway-power project had to come. It is a monumental job that could not have been done without the neighborly relations between the United States and Canada.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 6006) to amend certain provisions of the Anti-dumping Act, 1921, to provide for greater certainty, speed, and efficiency in the enforcement thereof, and for other purposes; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MILLS, Mr. GREGORY, Mr. FORAND, Mr. REED, and Mr. SIMPSON of Pennsylvania were appointed managers on the part of the House at the conference.

DEVELOPMENT OF MINERAL RESOURCES OF THE UNITED STATES

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

The Senate resumed consideration of the bill (S. 3817) to provide a program for the development of the mineral resources of the United States, its Territories, and possessions by encouraging exploration for minerals, and for other purposes.

CONSTRUCTION OF SUPERLINER PASSENGER VESSELS—CONFERENCE REPORT

Mr. MAGNUSON. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 11451) to authorize the construction and sale by the Federal Maritime Board of a superliner passenger vessel equivalent to the steamship *United States*, and a superliner passenger vessel for operation in the Pacific Ocean, and for other purposes. I ask unanimous consent for the present consideration of the report.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 3, 1958
For actions of July 2, 1958
85th-2d, No. 110

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HIGHLIGHTS: House passed mutual security appropriation bill. Senate committee reported bill for research on increased industrial uses of farm products. Sen. Proxmire criticized administration farm policies.

HOUSE

1. APPROPRIATIONS. Passed, 253 to 126, without amendment H. R. 13192, the mutual security appropriation bill for 1959. (pp. 11746-81) Rejected, 66 to 133, an amendment by Rep. Canfield which would have provided that none of the funds shall be used to establish textile processing plants in any foreign country. (pp. 11772-78)
2. FARM PROGRAM. The Agriculture Committee ordered reported the following bills:
(p. D629)
 - S. 3076, to authorize the transportation in the U. S. of live foot-and-mouth disease virus for research purposes.
 - S. 3478, to insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus.
 - H. R. 12704, to authorize the use of receipts from the National Forests for general local government purposes as well as for public schools and public roads.
 - H. R. 6542, to authorize the conveyance of certain forest lands to the town of Dayton, Wyo.

3. SMALL BUSINESS. Conferees were appointed on H. R. 7963, to make the Small Business Administration a permanent agency and increase the SBA loan authority. Senate conferees were appointed July 1. p. 11781

The Rules Committee reported a resolution for consideration of S. 3651, to make equity capital and long-term credit more readily available for small business concerns. p. 11795

4. FLOOD CONTROL. Passed without amendment S. 2964, to grant the consent of Congress to a compact between Mass. and Conn. relating to flood control. A similar bill, H. R. 9924, which had been reported earlier by the Public Works Committee (H. Rept. 2105) was tabled. S. 2964 will now be sent to the President. pp. 11784-86, 11796

5. EDUCATION. The Education and Labor Committee ordered reported H. R. 13247, a clean bill in lieu of H. R. 12630, to strengthen the national defense and to encourage and assist in the expansion and improvement of education programs to meet critical national needs. p. D630

A subcommittee of the Education and Labor Committee ordered reported H. R. 13241, to provide assistance to the States for area vocational education programs. p. D630

6. FOREIGN AID; SURPLUS COMMODITIES. Rep. Hill urged early enactment of legislation for the extension of Public Law 480, and inserted a release of this Department announcing agreements with various countries for the disposal of surplus commodities. p. 11792

7. WHEAT; INSECTS. Rep. Hill cited the serious situation caused by the grasshopper infestation in the Great Plains area, and inserted a release by this Department on efforts by the Department and local governments to control the infestation. pp. 11792-93

8. LEGISLATIVE PROGRAM. Rep. McCormack announced that S. 3420, to extend Public Law 480, will be considered under suspension of the rules Mon., July 7, and that the Consent Calendar will be called. He announced that the following bill will be considered later in the week: S. 3683, the area redevelopment bill; H. R. 4504, marketing facilities for perishable commodities; S. 3651, equity capital and long term credit for small businesses; and H. R. 13015, the military construction authorization bill. p. 11779

SENATE

9. FARM PROGRAM. Sen. Proxmire criticized the administration's farm policies and urged support for a program of production limitations to grow only what can be sold at a fair price. He inserted an article, "United States Expects Peak In Farm Subsidies--Cost of Program Now Put at 6 Billion, Up 1.4 Billion From Budget Figures." pp. 11695-4

Sen. Sparkman inserted an article on the reduced cotton production and its effect on the South. pp. 11695-6

10. RESEARCH. The Agriculture and Forestry Committee reported an original bill, S. 4100, to provide for the increased use of agricultural products for industrial purposes (S. Rept. 1795). p. 11682

11. APPROPRIATION. The Appropriations Committee reported with amendments H. R. 12858, the civil functions appropriation bill for the Army, certain agencies of the Interior Department, and the TVA for 1959 (S. Rept. 1796). p. 11682

Rivers	Shuford	Trimble
Robeson, Va.	Sieminski	Van Pelt
Roosevelt	Steed	Williams, N. Y.
Saund	Talle	Wilson, Calif.
Scott, Pa.	Taylor	
Shelley	Thornberry	

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Thornberry for, with Mr. Brooks of Louisiana against.
 Mr. Montoya for, with Mr. Colmer against.
 Mr. Anfuso for, with Mr. Morrison against.
 Mr. Buckley for, with Mr. Barden against.
 Mr. Scott of Pennsylvania for, with Mr. Mason against.
 Mr. Kilburn for, with Mr. Burdick against.
 Mr. Miller of New York for, with Mr. Jenkins against.
 Mr. Taylor for, with Mr. Talle against.
 Mr. Hays of Arkansas for, with Mr. Steed against.
 Mr. Wilson of California for, with Mr. Van Pelt against.
 Mr. Dague for, with Mr. Gwinn against.
 Mr. Kirwan for, with Mr. Dowdy against.
 Mr. O'Brien of New York for, with Mr. Pilcher against.
 Mr. Blatnik for, with Mr. Morris against.
 Mr. Roosevelt for, with Mr. Dies against.
 Mr. Shelley for, with Mr. Robeson of Virginia against.
 Mr. Dawson of Illinois for, with Mr. Rhodes of Arizona against.
 Mr. Trimble for, with Mr. H. Carl Andersen against.
 Mr. Eberharter for, with Mr. Rivers against.
 Mr. Hays of Ohio for, with Mr. Bass of Tennessee against.

Until further notice:

Mr. Edmondson with Mr. Radwan.
 Mr. Jones of Missouri with Mr. Williams of New York.
 Mr. Saund with Mr. Kearney.
 Mr. Sieminski with Mr. Kearns.

Mr. GEORGE and Mr. BUSH changed their votes from "nay" to "yea."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. PASSMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to extend their remarks on the mutual security appropriation bill.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

CORRECTION OF ROLLCALL

Mr. KILGORE. Mr. Speaker, on rollcall No. 113 I am recorded as absent. I was present and answered to my name. I ask unanimous consent that the RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. NORRELL. Mr. Speaker, on rollcall No. 114 I am recorded as absent. I was present and answered to my name. I ask unanimous consent that the RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. SANTANGELO. Mr. Speaker, on rollcall No. 116 I am recorded as absent. I was present and answered to my name. I ask unanimous consent that the RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

CORRECTION OF THE RECORD

Mr. CURTIS of Missouri. Mr. Speaker, I ask unanimous consent to make certain corrections in my remarks which appear in the RECORD of June 24, in accordance with the list which I submit herewith:

First, page 10984, 3d column, 9th paragraph, 10th sentence, reads as follows:

That relationship would then be one only of a private nature. In these times of scandalmongering—

This should be corrected to read as follows: After the words "of a private nature," a new paragraph should follow. This new paragraph then should read:

Now this has nothing to do with the question of good judgment on the part of a public official. In these times of scandalmongering and I state we always have scandalmongering—I believe it is very important—

And continue on as it now reads in the RECORD.

Second, page 10986, third column, third paragraph, it reads:

Mr. McLAUGHLIN. Sir, the allegations in part were made by Mr. John Foss, of Boston, Mass.

This should read "John Fox." Third, further down in column 3 the name John Foss should be "John Fox." Fourth, in the same column in the last paragraph, the last sentence begins and reads as follows:

And yet we have seen a situation result throughout this country where the newspapers and the press and everyone have been filled with this one area which is only collateral and is not the real issue before the committee—

And this paragraph concludes by saying:

and, yet to this date it has not established the gravamen of the charge.

This complete paragraph has been garbled. Therefore I feel it necessary to rewrite it so that its intentment is clear for the RECORD. Therefore this paragraph should read as follows, to wit:

And yet we have seen a situation result throughout this country where the newspapers and radio and television have been filled with this one aspect of the case which is only collateral and is not the real issue before the committee.

If the subcommittee had proceeded properly it would have considered these very serious matters in executive session. In doing so it would have served the function of the court in determining whether a subpoena should be issued or not. The gravamen of the offense in this instance is the corpus delicti which is the alleged existence of fa-

voritism and whether or not this individual brought about this favoritism. In investigating these charges the subcommittee would have sought real evidence rather than resort to hearsay testimony to establish the proof of these charges and then it would have been proper to then consider these collateral matters. I will say to the gentleman that the opposite was done. Whether or not this procedure was a mistake, the net result has been that a committee of Congress has brought about this situation throughout the country, and, yet, to this date it has not established the gravamen of the charge.

And then the RECORD should continue on as it previously reads.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

SMALL BUSINESS ACT OF 1953

Mr. SPENCE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 7963) to amend the Small Business Act of 1953, as amended, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky? The chair hears none, and appoints the following conferees: Messrs. SPENCE, BROWN of Georgia, PATMAN, RAINS, McDONOUGH, WIDNALL, AND BETTS.

YELLOWTAIL DAM

Mr. HALEY. Mr. Speaker, I call up the conference report on the resolution (S. J. Res. 12) to provide for transfer of right-of-way for Yellowtail Dam and Reservoir, Hardin unit, Missouri River Basin project, and payment to Crow Indian Tribe in connection therewith, and for other purposes, and I ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

The Clerk read the statement.

(For conference report and statement see proceedings of the House of June 26, 1958.)

Mr. SCHWENGEL. Mr. Speaker, will the gentleman yield?

Mr. HALEY. I yield to the gentleman.

Mr. SCHWENGEL. Mr. Speaker, I would like to ask the gentleman to explain this joint resolution. It seems to me that there were some serious objections to it earlier.

Mr. HALEY. This is a conference report. I might say to the gentleman that it follows substantially the joint resolution that was passed by the House. If the gentleman would like a further explanation of the resolution, I should be glad to yield to the gentleman from Montana, Mr. METCALF.

[Mr. METCALF addressed the House. His remarks will appear hereafter in the Appendix.]

Mr. MILLER of Nebraska. Mr. Speaker, will the gentleman yield?

Mr. HALEY. I yield to the gentleman from Nebraska.

Mr. MILLER of Nebraska. Mr. Speaker, I would like to ask the gentleman from Montana, does this permit the Indians to go into court if they are not satisfied with the \$2½ million?

Mr. METCALF. The language of the conference report permits the Indians to try to get more than the \$2½ million, if they are not satisfied.

Mr. MILLER of Nebraska. Has it been settled whether there are or not valuable minerals on this particular site?

Mr. METCALF. No one knows whether there are or not. But I know of no discovery of valuable minerals in this area.

Mr. MILLER of Nebraska. One more question, if I may. The \$2½ million, or any amount that might be recovered in court by a suit, does that come out of the funds of the Bureau of Reclamation?

Mr. METCALF. Originally it was to come from the Missouri Basin account but, under the conference report, it is to come from a direct appropriation for the construction of the dam.

Mr. MILLER of Nebraska. Suppose the amount is over \$2½ million, then where would the money come from?

Mr. HALEY. Then it would come from the General Treasury.

Mr. ASPINALL. Mr. Speaker, will the gentleman yield?

Mr. HALEY. I yield to the gentleman from Colorado.

Mr. ASPINALL. When this measure was on the floor of the House, the Members were advised that the committee, if they went to conference, would come back with the House bill provisions in certain aspects. I can assure my colleagues that we came back with the House bill on its important provisions. We did not give an inch on the amount. We kept the amount approved by the House and also the procedure which permits the tribe to sue if they see fit. This was the intent of the committee as the bill was forwarded to the House for its disposition. But, whatever they get, it will have to be in addition to the \$2½ million that the legislation provides.

Mr. SAYLOR. Mr. Speaker, will the gentleman yield?

Mr. HALEY. I yield to the gentleman from Pennsylvania.

Mr. SAYLOR. I should like the Members of the House to know what is in this conference report. This is the first time I have ever known a conference report to come back to the House containing the equivalent of a blank check that is signed and delivered. As the gentleman from Colorado [Mr. ASPINALL] has stated, it is true that the conferees came back and have kept the House figure of \$2.5 million, but in addition they did this remarkable thing: They said:

We do not know what the value of this dam site is, we do not know what the value of this property is, but we will give you \$2.5 million and, in addition to a grant of \$2.5 million, we will give the Crow Indian Tribe the right to go into court and bring suit and prove any damages they can against the Federal Government. We guarantee to the Crow Indian Tribe that they cannot re-

ceive less than \$2.5 million and, if there is any mineral discovery, if there is any element of value which has not been considered by the conference, that can be considered by the court and the moneys will be paid to the Indian tribe.

There is absolutely no limit to what this conference report will authorize.

I should like to ask the gentleman from Florida whether or not that is a correct interpretation of this conference report.

Mr. HALEY. I think the Indians have the right to go into court, which is a right I think every American citizen has. The Bureau is on the side of the Indian tribe you might say. They sent up a report on this. As the gentleman knows, they said they would not oppose \$2.5 million. The gentleman is well aware of the fact that the Indians are very unhappy about this provision. They do not want to take the \$2.5 million. The other body thought it was worth \$5 million. If the gentleman wants to argue this joint resolution, we have merely brought back here a conference report which in sum and substance keeps the absolute dollar that the House wrote into the joint resolution.

Mr. MILLER of Nebraska. Mr. Speaker, will the gentleman yield?

Mr. HALEY. I yield.

Mr. MILLER of Nebraska. It occurs to me that I got the wrong answer when I was asking a question a few moments ago. On the first page of the conference report it is stated:

Strike out section 1 of the House amendment and insert in lieu thereof: "That, from funds appropriated to the Department of the Interior, Bureau of Reclamation, for the Missouri River Basin project, there shall be transferred in the Treasury of the United States to the credit of the Crow Tribe of Indians, Montana, the sum of \$2,500,000."

So the money does come out of the reclamation fund, and any money that might be given to them by suit also comes from the reclamation fund.

Mr. ASPINALL. Mr. Speaker, will the gentleman yield?

Mr. HALEY. I yield to the gentleman from Colorado.

Mr. ASPINALL. In this respect the conference report contains the identical language that was in the House joint resolution and the original joint resolution from the other body. We have not changed that language one whit. As far as the additional award is concerned, if any is made it will come from the general Treasury.

Mr. MILLER of Nebraska. Then I do not read the conference report right. The Senate recedes from its disagreement to the amendments of the House and agrees to the same with an amendment as follows: Strike out section 1 and do the very thing it says, take the money out of the reclamation fund. We struck out the House language and put in the language I have just read, which takes the \$2.5 million from the Department of the Interior, the Bureau of Reclamation, Missouri River Basin project funds, and transfers it to the Treasury of the United States.

Mr. ASPINALL. I wish to read from Senate Joint Resolution 12 the words

immediately following the resolving clause:

That, from funds appropriated to the Department of the Interior, Bureau of Reclamation, for the Missouri River Basin project, there shall be transferred in the Treasury of the United States to the credit of the Crow Tribe of Indians, Montana, the sum of \$5 million.

Now I wish to read from House Joint Resolution No. 2, after the resolving clause:

From funds appropriated to the Department of the Interior, Bureau of Reclamation, Missouri River Basin project, there shall be transferred in the Treasury of the United States to the credit of the Crow Tribe of Indians the sum of \$5 million.

Now I wish to read from the conference report:

Strike out section 1 of the House amendment and insert in lieu thereof: "That from funds appropriated to the Department of the Interior, Bureau of Reclamation, for the Missouri River Basin project, there shall be transferred in the Treasury of the United States to the credit of the Crow Tribe of Indians, Montana, the sum of \$2,500,000."

In other words, it is taking the funds from the Missouri River Basin fund in the Bureau of Reclamation and crediting it to the Indian Tribes. That is the same language and to me means the same thing in all three instances.

Mr. SAYLOR. Mr. Speaker, will the gentleman yield?

Mr. HALEY. I yield to the gentleman from Pennsylvania.

Mr. SAYLOR. I would just like to tell the Members there is evidence that in this area which will be flooded there are rich uranium deposits. As to the amount, no one knows and an authority on that subject told me that no one would be in a position to state what their value was; whether they had any recoverable value or whether or not it was only an isolated instance where it is not possible to mine them and that that would not be determined until after another area was drilled and that that can be done within 3 years, and as I say, it would constitute writing a blank check if valuable deposits of minerals were discovered in that area.

Mr. HALEY. Mr. Speaker, may I say to the distinguished gentleman from Pennsylvania the people in Montana call their State the Treasure State and they think there are treasures everywhere. The gentleman from Florida does not know whether there is a gold mine out there or a copper mine or what might be out there. The gentleman from Florida does not know what deposits there might be there, but I understand that as of this time there are no known minerals in this immediate area.

Mr. METCALF. Mr. Speaker, will the gentleman yield?

Mr. HALEY. I yield to the gentleman from Montana [Mr. METCALF] to answer the gentleman's question.

Mr. METCALF. Mr. Speaker, I know of no place and I know of no one who has located a claim on this reservation. I know of no one who says that there are minerals or uranium or oil in this area except Mr. Yellowtail, who is opposed to this bill, and has been opposed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

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OFFICE OF BUDGET AND FINANCE
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HIGHLIGHTS: Senate passed public works appropriation bill.

SENATE

1. COOPERATIVES. The Agriculture and Forestry Committee reported with amendments S. 2444, to authorize producers' cooperatives to bargain with purchasers singly or in groups (S. Rept. 1810). p. 11967
2. APPROPRIATIONS. Passed with amendments H. R. 12858, the civil functions appropriations bill for the Army Corps of Engineers, certain agencies of the Interior Department, and TVA, for 1959. pp. 11990-12008
3. EXPENDITURES; PERSONNEL. Sen. Byrd submitted the report of the Joint Committee on Reduction of Nonessential Federal Expenditures on Federal employment and pay for May 1958. pp. 11968-71
4. STATEHOOD. Sen. Bible commended the passage of the Alaska statehood bill and Sen. Monroney concurred. pp. 11979-80
5. ECONOMIC SITUATION. Sen. Potter inserted the speeches of the President, Ralph Cordiner of GE, and Thomas McCabe of Scott Paper Co., at the economic mobilization conference on the economic situation and efforts made to accelerate the upturn in the economy. pp. 11980-5

6. RESEARCH; LANDS; TOBACCO. The Agriculture Committee reported the following bills: (p. 12086)
 - S. 3076, without amendment, to authorize the transportation in the U. S. of live foot-and-mouth disease virus for research purposes (H. Rept. 2126).
 - H. R. 6542, without amendment, to authorize the conveyance of certain forest lands to the town of Dayton, Wyo. (H. Rept. 2127).
 - H. R. 12840, without amendment, to provide a single acreage allotment for Va. sun-cured and Va. fire-cured tobaccos if farmers vote approval in a referendum (H. Rept. 2128).
7. INFORMATION; LIBRARIES. The House Administration Committee reported without amendment H. R. 13140, to provide for distribution of additional types of Government publications to depository libraries and to provide for designation of additional depository libraries (H. Rept. 2136). p. 12086
8. FISH AND WILDLIFE. The Merchant Marine and Fisheries Committee ordered reported the following bills: (p. D654)
 - H. R. 13138, with amendment, to amend the Coordination Act so as to provide more effective integration of fish and wildlife conservation programs with Federal water development programs.
 - S. 2617, with amendment, to authorize the purchase by the Secretary of the Interior of wetlands and small areas for migratory bird sanctuaries from funds collected from the sale of Migratory Bird hunting stamps.
 - S. 2447, with amendment, to authorize studies by Interior of the effects of insecticides upon fish and wildlife.
 - H. R. 10244, with amendment, to reaffirm the national policy regarding fish and wildlife resources.
9. INSPECTION SERVICES. A subcommittee of the Government Operations Committee ordered reported S. 3873, to authorize the interchange of inspection services between executive agencies without reimbursement or transfer of lands. p. D653
10. EDUCATION. Rep. Haskell inserted a letter from the President expressing his support for enactment of "a sound educational bill." p. 12040
Received from the U. S. Advisory Commission on Educational Exchange a report on the educational exchange activities (H. Doc. 419). p. 12085
11. SMALL BUSINESS. Received the conference report on H. R. 7963, to make the Small Business Administration a permanent agency and to increase the SBA loan authority (H. Rept. 2135). pp. 12041-43
12. MILITARY CONSTRUCTION. Debated H. R. 13015, to authorize construction at military installations, including authorization for financing from the foreign currencies acquired under Public Law 480 or through other commodity transactions of CCC. pp. 12043, 12044-74
13. PERSONNEL. The Rules Committee reported a resolution for consideration of S. 1411, to give agencies discretion in either suspending or retaining on duty a Federal employee prior to security hearings. p. 12043
14. ATOMIC ENERGY. Rep. Bailey spoke in opposition to provisions of the proposed Atomic Energy Commission authorization bill which would accelerate the development of atomic reactors. pp. 12074-77
The Rules Committee reported a resolution for consideration of H. R. 13121, the Atomic Energy Commission authorization bill. p. 12043

SMALL BUSINESS ACT

JULY 9, 1958.—Ordered to be printed

Mr. SPENCE, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 7963]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7963) to amend the Small Business Act of 1953, as amended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 7, 48, and 49.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 4, 5, 6, 8, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 39, 40, 42, 43, 44, 45, 46, 47, and 50, and agree to the same.

Amendment numbered 3:

That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows:

On page 3 of the House engrossed bill restore the matter proposed to be stricken out in lines 3 through 9; and the Senate agree to the same.

Amendment numbered 9:

That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *5½ per centum per annum*; and the Senate agree to the same.

Amendment numbered 38:

That the House recede from its disagreement to the amendment of the Senate numbered 38, and agree to the same with an amendment as follows:

At the end of the matter proposed to be inserted by the Senate amendment insert the following: , *as to*; and the Senate agree to the same.

Amendment numbered 41:

That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with an amendment as follows:

In the matter proposed to be inserted by the Senate amendment, strike out the period after "to small-business concerns" and insert in lieu thereof the following: ; *but nothing contained in this Act shall be construed to change any preferences or priorities established by law with respect to the sale of electrical power or other property by the Government or any agency thereof.*; and the Senate agree to the same.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
ALBERT RAINS,
GORDON L. McDONOUGH,
WILLIAM B. WIDNALL,
JACKSON E. BETTS,

Managers on the Part of the House.

J. W. FULBRIGHT,
A. WILLIS ROBERTSON,
JOHN SPARKMAN,
JOSEPH S. CLARK,
HOMER E. CAPEHART,
JOHN BRICKER,
WALLACE BENNETT,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7963) to amend the Small Business Act, as amended, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report (references to the House bill, unless otherwise indicated, are references to the Small Business Act as it would be amended to read by the House bill):

The following Senate amendments made technical, clerical, clarifying, or conforming changes: 2, 5, 25, 26, 28, 29, 30, 32, 33, 34, 35, 36, 37, 40, 42, 44, 45, 46, 47, and 48. With respect to these amendments (1) the House either recedes or recedes with amendments which are technical, clerical, clarifying, or conforming in nature, or (2) the Senate recedes in order to conform to other action agreed upon by the committee of conference.

Amendments Nos. 1, 17, 18, 19, 20, 21, 22, 23, 24, 27, 38, 39, 41, and 49: These amendments made a number of changes in the House bill for the purpose of making available to small-business concerns the same kind of assistance in connection with the disposal and sale of property by the Federal Government as that which is presently being made available to such concerns in connection with Government procurement. To this end new language is added to the House bill declaring it to be the policy of the Congress to insure that a fair proportion of the total sales of Government property be made to small-business concerns; and the provisions of the House bill relating to the furnishing of technical and managerial aids to small-business concerns, consultation and cooperation by SBA with Federal contracting officers, certification of small-business concerns as competent to perform Government contracts, the obtaining of contracting information from Federal agencies, the conduct of studies and the making of recommendations by SBA to Federal agencies, and the award of Government contracts to small-business concerns are expanded to cover small-business participation in purchases from the Government as well as in procurement by the Government.

The Senate recedes on amendment No. 49; and the House recedes on the remaining amendments, with a clerical amendment in amendment No. 38, and with an amendment in amendment No. 41 (based in part on the language contained in amendment No. 49) to insure that the new small-business set-aside program in Government sales will not affect or change any of the preferences or priorities established by law with respect to the sale of electrical power or any other property by the Government.

Where, in connection with the disposal of Federal property, a portion of such property is set aside for sale to small business under this new authority, the price to small business will be established on the basis of the price obtained by the Government on that portion of the Government property available to bidders both large and small. That is, to get an award on the portion set aside for small business, a

small business bidder must meet the lowest successful bid on the portion not set aside. In case of a 100 percent set-aside for small business the highest bid must be a reasonable price in order to be accepted by the Government.

One of the principal purposes of this new authority is to establish procedures for keeping small businesses informed of proposed disposals of Government property, and for arranging such disposals, wherever practicable, in a way which will enable small businesses to engage effectively in bidding for the property. For example, where large quantities of property are involved, it is expected that the disposal agency, in cooperation with SBA, will divide the property into smaller quantities to the greatest extent practicable where it will assist small businesses in bidding on the contract.

Amendment No. 3: Section 3 of the House bill directed SBA to change its definition of the term "small-business concern" for purposes of Government procurement; the criteria for such definition set forth in existing law were retained, but new language was added to require that whenever number of employees is used as one of such criteria the number fixed as a limit for a small-business concern must vary from industry to industry to take into account their differing characteristics. SBA was directed to establish a new definition within 60 days, and in the event of its failure to do so the definition presently in effect for loan purposes would automatically go into effect for procurement purposes also. The Senate amendment deleted the new requirement imposed by the House bill and returned to the language of existing law. The House recedes with an amendment which retains the variable size requirement of the House bill but does not require establishment of a new definition within any specific period or provide for the substitution of any other definition for procurement purposes.

Amendment No. 4: Section 4 (d) of the House bill abolished SBA's existing Loan Policy Board and established in its place a National Small Business Advisory Board to be composed of the Small Business Administrator, the Secretaries of Treasury and Commerce, and from 2 to 6 representatives of small business; the new Board would not establish SBA's policies, as the existing Loan Policy Board does, but would be advisory only. The Senate amendment eliminated the provision for a new Advisory Board and reinstated the Loan Policy Board as constituted under existing law. The House recedes.

In connection with SBA's lending policies, it has come to the attention of your conferees that some employees of the Small Business Administration have been advising applicants for business loans that collateral offered to secure their loans must be evaluated on the basis of its value in a forced sale. This practice is contrary to the intent of your conferees, and those charged with administering this Act shall give consideration to the essential importance to the business of any asset offered as collateral, and shall evaluate such assets on the basis of a going business.

Amendment No. 6: Section 5 (e) of the House bill (following existing law) authorized SBA to procure the services of experts and consultants or organizations thereof, by contract or appointment and without regard to the civil-service and classification laws, for temporary periods not in excess of 6 months. The Senate amendment increased the periods for which such services may be procured to 1 year, and provided also for the procurement of such services on an intermittent basis. The House recedes.

Amendment No. 7: This amendment added to section 5 of the House bill a new subsection (d), authorizing SBA to permit its employees to take training courses in order to contribute to the more effective functioning of the agency and to pay their salaries and expenses in connection with such training. The Senate recedes, since this matter is covered generally for all Government agencies in the Government Employees Training Act, approved July 8, 1958.

Amendments Nos. 8 and 11: Under section 7 (a) of the House bill (as in existing law), the maximum amount which SBA may have outstanding at any one time as a regular small-business loan (or loans) to any one small-business concern could not exceed \$250,000. These Senate amendments increased such maximum amount to \$350,000, although the maximum amount of a pool loan (a loan to a corporation formed by a group of small-business concerns) would continue to be \$250,000 multiplied by the number of concerns in the pool. The House recedes.

Amendment No. 9: Section 7 (a) of the House bill established the maximum interest rate on SBA's share of any regular small-business loan at 5 percent, or at the prevailing rate in the area where the loan is to be used if such rate is lower than 5 percent (the maximum rate for such loans under existing law is the prevailing rate in the area, with a ceiling of 6 percent). The Senate amendment provided simply that the maximum interest rate on SBA's share of any such loan shall be 6 percent, without any reference to the prevailing rate in the area. The House recedes with an amendment establishing such maximum interest rate at 5½ percent.

Amendment No. 10: Section 7 (a) (5) of the House bill authorized business loans to corporations formed and capitalized by groups of small-business concerns for the purpose of obtaining raw materials, equipment, inventories, or supplies, or for establishing facilities for such purpose (loans to such corporations under existing law are limited to loans for the purpose of establishing facilities to produce or secure raw materials or supplies). The Senate amendment authorized loans to such corporations for the purpose of obtaining the benefits of research and development as well as for the purposes enumerated in the House bill. The House recedes.

Amendments Nos. 12, 13, 14, and 15: Section 7 (b) of the House bill authorized SBA to make disaster loans to small-business concerns which suffer economic injury as a result of drought in the area where they are located. These Senate amendments (incorporating the provisions of Public Law 85-335, which was enacted after the passage of the House bill) authorized SBA to make such loans where the injury is the result of excessive rainfall as well as where it is the result of drought. The House recedes.

Amendment No. 16: Section 7 (c) of the House bill continued the provision of existing law which authorizes SBA to extend by up to 10 years the maturities of certain loans made by RFC but transferred to SBA under Reorganization Plan 2 of 1954, to facilitate their orderly liquidation. The Senate amendment added new language conferring upon SBA similar authority to extend the maturities of loans transferred to it from RFC under Reorganization Plan 1 of 1957; this authority is the same as the authority conferred upon the Secretary of the Treasury by amendment No. 50 with respect to RFC loans transferred to him under that Reorganization Plan. The House recedes.

Amendment No. 31: This amendment added to the House bill a new section (sec. 9) establishing a program of assistance to small-business concerns in the field of research and development. Under this program SBA would assist small-business concerns in obtaining Government contracts for research and development and in obtaining the benefits of research and development performed by larger firms under Government contracts or at Government expense. Groups of small-business concerns would also be encouraged to join together for research and development work, with technical and other assistance being provided by SBA, and would be authorized to undertake such joint research and development programs without violating the antitrust laws or the Federal Trade Commission Act. The House recedes.

Amendment No. 41: The House bill (following existing law) provided for the award of Government contracts to small-business concerns upon a determination by SBA and the contracting agency that such award is in the interest of maintaining or mobilizing the Nation's full productive capacity or is in the interest of war or national defense programs. The Senate amendment provided that such an award may also be made upon a determination that it is in the interest of assuring that a fair proportion of all Government purchases or Government sales be placed with or made to small-business concerns, and provided in addition that any of such determinations may be made for classes of awards or contracts as well as for individual awards or contracts. The House recedes with an amendment (based in part on the language contained in amendment No. 49) to insure that the new set-aside program for small-business participation in Government sales will not affect or change any of the preferences or priorities established by law with respect to the sale of electrical power or any other property by the Government.

Amendment No. 43: This amendment added to the House bill a new section making SBA's security interest in property subordinate to State and local tax liens on such property in any case where SBA's interest would be subordinate to such tax liens, under State law, if it were an interest held by a person other than the United States. The House recedes.

Amendment No. 50: This amendment added to the House bill a new section (not a part of the Small Business Act) authorizing the Secretary of the Treasury to extend by up to 10 years the maturities of loans transferred to him from RFC under Reorganization Plan 1 of 1957; this authority is the same as the authority conferred upon SBA by amendment No. 16 with respect to RFC loans transferred to it under that reorganization plan. The House recedes.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
ALBERT RAINS,
GORDON L. McDONOUGH,
WILLIAM B. WIDNALL,
JACKSON E. BETTS,

Managers on the Part of the House.

ing that exists throughout the State of Kansas.

The Wyandotte County Bar Association urges your support of the bill now coming before committee which would create a third Federal judgeship for Kansas. Litigation in the Federal court is increasing in Kansas. The caseload per judge is 50 percent greater than the national average. The docket is crowded. It is not in the interest of justice for two judges to be required to handle the Kansas docket. Kansas needs a third judge.

LEONARD O. THOMAS,

President, Wyandotte County Bar Association.

ADDITIONAL JUDGESHIPS IN TEXAS

(Mr. ALGER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ALGER. Mr. Speaker, today I have introduced a bill to provide additional judgeships in Texas in the northern, western, and southern districts. There is an urgent need for these judgeships, and I understand an omnibus judgeship bill will be considered by the committee with hearings starting immediately.

It is my hope that the chairman and committee members will report out a bill for our immediate consideration, but should the omnibus bill continue to be shelved, because of alleged political implications or for other reasons, then the bill I have introduced today can afford the relief so badly needed in Texas, if the committee will consider it.

Because of the backlog of cases and increased burdens on the judges and the hardship to litigants being substantially greater, these judgeships are needed and are long overdue. Take, for example, the case of the northern judicial district of Texas in which my congressional district is located, a situation which was already bad and is now worse. Judge William H. Atwell, although retired, has been sitting and hearing cases until recently; but since he is in his 90th year he concluded that he should quit. That leaves two judges to handle the civil jury docket, the nonjury docket, the criminal docket, and the bankruptcy docket in Dallas, Fort Worth, Abilene, and San Angelo. This is an impossible task. The Texas Bar Association has unanimously passed a resolution July 5, 1958, and July 1957 asking the action of Congress, pointing out the need, and so informing the Representatives and Senators, urging their action and response. It seems to me that this resolution of the attorneys is worthy of immediate attention.

Therefore it is my urgent appeal to the committee chairman and my colleagues that these judgeships be considered so that this relief can be afforded as quickly as possible, if not through the omnibus bill, then through this bill which I have introduced providing the judgeships needed in Texas.

AUTHORIZING MILITARY CONSTRUCTION

Mr. MADDEN. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 617 and ask for its immediate consideration.

CALL OF THE HOUSE

Mr. GROSS. Mr. Speaker, I make a point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll and the following Members failed to answer to their names:

[Roll No. 121]

Adair	Gordon	O'Brien, N. Y.
Anderson, Mont.	Granahan	Osmers
Anfuso	Grant	Passman
Baring	Green, Pa.	Patterson
Bass, Tenn.	Gregory	Philbin
Baumhart	Griffiths	Pilcher
Bolling	Gwinn	Polk
Boyle	Halleck	Powell
Brownson	Harvey	Preston
Buckley	Healey	Radwan
Burdick	Holt	Reece, Tenn.
Carnahan	James	Reed
Celler	Jenkins	Robeson, Va.
Christopher	Jennings	Rodino
Clark	Jones, Mo.	Sheehan
Clevenger	Kearney	Shelley
Coffin	Kee	Shuford
Collier	Kilburn	Sieminski
Cramer	Kilday	Simpson, Ill.
Curtis, Mo.	Kirwan	Talle
Devereux	Krueger	Taylor
Dies	Landrum	Thompson, La.
Dollinger	Latham	Thompson, N. J.
Donohue	Macdonald	Thornberry
Dooley	Magnuson	Trimble
Dorn, S. C.	Mailliard	Tuck
Dowdy	Mason	Watts
Eberhart	Marrow	Wharton
Everett	Miller, N. Y.	Williams, N. Y.
Evins	Minshall	Willis
Farbstein	Morris	Wilson, Ind.
Forrester	Morrison	Zelenko
Fountain	Moulder	
	Nix	

The SPEAKER pro tempore. On this rollcall 325 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

AMENDMENT OF SMALL BUSINESS ACT

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that the managers on the part of the House may have until midnight tonight to file a conference report on the bill (H. R. 7963) to amend the Small Business Act of 1953, as amended.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The conference report and statement follow:

CONFERENCE REPORT (H. REPT. NO. 2135)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7963) to amend the Small Business Act of 1953, as amended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 7, 48, and 49.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 4, 5, 6, 8, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 39, 40, 42, 43, 44, 45, 46, 47, and 50, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree

to the same with an amendment, as follows: On page 3 of the House engrossed bill, restore the matter proposed to be stricken out in lines 3 through 9; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "5½ per centum per annum"; and the Senate agree to the same.

Amendment numbered 38: That the House recede from its disagreement to the amendment of the Senate numbered 38, and agree to the same with an amendment, as follows: At the end of the matter proposed to be inserted by the Senate amendment insert the following: "as to"; and the Senate agree to the same.

Amendment numbered 41: That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with an amendment, as follows: In the matter proposed to be inserted by the Senate amendment, strike out the period after "to small-business concerns" and insert in lieu thereof the following: "; but nothing contained in this Act shall be construed to change any preferences or priorities established by law with respect to the sale of electrical power or other property by the Government or any agency thereof."; and the Senate agree to the same.

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Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7963) to amend the Small Business Act, as amended, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report (references to the House bill, unless otherwise indicated, are references to the Small Business Act as it would be amended to read by the House bill):

The following Senate amendments made technical, clerical, clarifying, or conforming changes: 2, 5, 25, 26, 28, 29, 30, 32, 33, 34, 35, 36, 37, 40, 42, 44, 45, 46, 47, and 48. With respect to these amendments (1) the House either recedes or recedes with amendments which are technical, clerical, clarifying, or conforming in nature, or (2) the Senate recedes in order to conform to other action agreed upon by the committee of conference.

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sions of the House bill relating to the furnishing of technical and managerial aids to small-business concerns, consultation and cooperation by SBA with Federal contracting officers, certification of small-business concerns as competent to perform Government contracts, the obtaining of contracting information from Federal agencies, the conduct of studies and the making of recommendations by SBA to Federal agencies, and the award of Government contracts to small-business concerns are expanded to cover small-business participation in purchases from the Government as well as in procurement by the Government.

The Senate recedes on amendment No. 49; and the House recedes on the remaining amendments, with a clerical amendment in amendment No. 38, and with an amendment in amendment No. 41 (based in part on the language contained in amendment No. 49) to insure that the new small-business set-aside program in Government sales will not affect or change any of the preferences or priorities established by law with respect to the sale of electrical power or any other property by the Government.

Where, in connection with the disposal of Federal property, a portion of such property is set aside for sale to small business under this new authority, the price to small business will be established on the basis of the price obtained by the Government on that portion of the Government property available to bidders both large and small. That is, to get an award on the portion set aside for small business, a small-business bidder must meet the lowest successful bid on the portion not set aside. In case of a 100-percent set-aside for small business the highest bid must be a reasonable price in order to be accepted by the Government.

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Amendment No. 16: Section 7 (c) of the House bill continued the provision of existing law which authorizes SBA to extend by up to 10 years the maturities of certain loans made by RFC but transferred to SBA under Reorganization Plan 2 of 1954, to facilitate their orderly liquidation. The Senate amendment added new language conferring upon SBA similar authority to extend the maturities of loans transferred to it from RFC under Reorganization Plan 1 of 1957; this authority is the same as the authority conferred upon the Secretary of the Treasury by amendment No. 50 with respect to RFC loans transferred to him under that Reorganization Plan. The House recedes.

Amendment No. 31: This amendment added to the House bill a new section (section 9) establishing a program of assistance to small-business concerns in the field of research and development. Under this program SBA would assist small-business concerns in obtaining Government contracts for research and development and in obtaining the benefits of research and development performed by larger firms under Government contracts or at Government expense. Groups of small-business concerns would also be encouraged to join together for research and development work, with technical and other assistance being provided by SBA, and would be authorized to undertake such joint research and development programs without violating the antitrust laws or the Federal Trade Commission Act. The House recedes.

Amendment No. 41: The House bill (following existing law) provided for the award of Government contracts to small-business concerns upon a determination by SBA and the contracting agency that such award is in the interest of maintaining or mobilizing the Nation's full productive capacity or is in the interest of war or national defense programs. The Senate amendment provided that such an award may also be made upon a determination that it is in the interest of assuring that a fair proportion of all Government purchases or Government sales be placed with or made to small-business concerns, and provided in addition that any of such determinations may be made for classes of awards or contracts as well as for individual awards or contracts. The House recedes with an amendment (based in part on the language contained in amendment No. 49) to insure that the new set-aside program for small-business participation in Government sales will not affect or change any of the preferences or priorities established by law with respect to the sale of electrical power or any other property by the Government.

Amendment No. 43: This amendment added to the House bill a new section making SBA's security interest in property subordinate to State and local tax liens on such property in any case where SBA's interest would be subordinate to such tax liens, under State law, if it were an interest held by a person other than the United States. The House recedes.

Amendment No. 50: This amendment added to the House bill a new section (not a part of the Small Business Act) authorizing the Secretary of the Treasury to extend by up to 10 years the maturities of loans transferred to him from RFC under Reorganization Plan 1 of 1957; this authority

is the same as the authority conferred upon SBA by amendment No. 16 with respect to RFC loans transferred to it under that Reorganization Plan. The House recedes.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
ALBERT RAINS,
GORDON L. McDONOUGH,
WILLIAM B. WIDNALL,
JACKSON E. BETTS,

Managers on the Part of the House.

AUTHORIZING MILITARY CONSTRUCTION

The SPEAKER pro tempore. The Clerk will report the resolution.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 13015) to authorize certain construction at military installations, and for other purposes. After general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

(Mr. MADDEN asked and was given permission to revise and extend his remarks.)

Mr. MADDEN. Mr. Speaker, House Resolution 617 makes in order the consideration of H. R. 13015, the military construction authorization bill. The resolution provides for an open rule and 2 hours of general debate.

The total amount authorized is \$1,762,904,000; \$732,071,000 is authorized for the Army; of this amount approximately 63 percent is for the guided-missile program—the surface-to-air missile program, including logistic support facilities, and research and development and training facilities. In addition, \$30,847,000 is authorized to defray deficiencies in authorizations previously granted because of the general rise in construction costs throughout the world.

The Navy is authorized \$319,049,000 for new public works and \$15,825,000 for deficiencies in authorizations. A major part of the funds are to be used to modernize the Navy's Shore Establishment and to replace obsolescent and deteriorated facilities.

The Air Force authorization is \$957,372,000 for construction of new facilities at 160 major installations, plus facilities at sites for strategic defense and tactical missiles, off-base navigational aids, aircraft control and warning system sites. Also, \$4,372,000 is authorized for the Air Force Academy and \$13,411,000 for increased authorizations for prior years' projects for a total of \$975,155,000.

Fifty million dollars is authorized for the Advanced Research Projects Agency of the Department of Defense. The bill authorizes a total of 53,904 family hous-

ing units to be developed either under the Capehart and surplus commodity programs or military construction, plus another 9,374 units to be acquired under the Wherry housing program. The authorization for Reserve component facilities is \$30,958,000.

I urge the adoption of House Resolution 617 so the House may proceed to the consideration of H. R. 13015 for which ample time has been provided.

Mr. Speaker, I yield 30 minutes to the gentleman from Ohio [Mr. Brown] and reserve the balance of my time.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. MADDEN. I yield.

Mr. GROSS. Did the Committee on Rules give any particular attention to section 110 of this bill, which provides for the moving of an ordnance depot from near Houston, Tex., to somewhere in Alabama at a cost to the taxpayers of more than \$44 million?

Mr. MADDEN. The committee did not give any special attention to that particular phase of it, but no doubt it will be brought out in debate on the bill.

Mr. Speaker, I reserve the balance of my time.

(Mr. BROWN of Ohio asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Ohio. Mr. Speaker, as the gentleman from Indiana explained so ably, House Resolution 617 makes in order the consideration of the bill H. R. 13015, the so-called military construction authorization bill, with 2 hours of general debate. It is an open rule which will permit amendments.

This legislation, and the report thereon, are quite voluminous and quite detailed. The bill, if my recollection serves me correctly, authorizes the expenditure of over \$1.7 billion for military construction of different types in different sections of the country for the Army, Navy, Marine Corps, and their military installations.

A great part of the funds involved in this legislation would be for the construction of new military housing. This is a measure I feel should be explained rather thoroughly, and I am sure it will be by the members of the Committee on Armed Services. It does involve, as I have said, the expenditure of a great deal of the taxpayers' money.

Mr. Speaker, I have no further requests for time and yield back the balance of my time.

Mr. MADDEN. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

SUSPENSION OF EMPLOYMENT OF CIVILIAN PERSONNEL IN THE INTEREST OF NATIONAL SECURITY

Mr. MADDEN (on behalf of Mr. COLMER) from the Committee on Rules, reported the following privileged resolution (H. Res. 624, Rept. No. 2123), which was referred to the House Calendar and ordered to be printed:

Resolved, that upon the adoption of this resolution it shall be in order to move that, the House resolve itself into the Committee

of the Whole House on the State of the Union for the consideration of the bill (S. 1411) to amend the act of August 26, 1950, relating to the suspension of employment of civilian personnel of the United States in the interest of national security. After general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Post Office and Civil Service, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

AUTHORIZING APPROPRIATIONS FOR ATOMIC ENERGY COMMISSION

Mr. MADDEN (on behalf of Mr. O'NEILL) from the Committee on Rules, reported the following privileged resolution (H. Res. 625, Rept. No. 2124), which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 13121) to authorize appropriations for the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes. After general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking House minority member of the Joint Committee on Atomic Energy, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

PROMOTING BOATING SAFETY ON NAVIGABLE WATERS OF THE UNITED STATES

Mr. MADDEN, from the Committee on Rules, reported the following resolution (H. Res. 626, Rept. No. 2125), which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 11078) to promote boating safety on the navigable waters of the United States, its Territories, and possessions; to provide coordination and cooperation with the States in the interest of uniformity of boating laws; and for other purposes. After general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Merchant Marine and Fisheries, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been

adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

AUTHORIZE CERTAIN CONSTRUCTION AT MILITARY INSTALLATIONS

Mr. VINSON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 13015) to authorize certain construction at military installations, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 13015), with Mr. DELANEY in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. VINSON. Mr. Chairman, I yield myself 30 minutes.

(Mr. VINSON asked and was given permission to revise and extend his remarks.)

Mr. VINSON. Mr. Chairman, this bill is known as the military Construction authorization bill for fiscal year 1959.

The grand total of all authorities granted in the bill is \$1,762,904,000.

This total is made up of a number of elements, two of which are new in this year's bill. This grand total of \$1,762,904,000 is broken down into its six elements as follows:

Army, \$332,071,000.

Navy, \$319,048,000.

Air Force, \$957,372,000.

Department of Defense—for the Advanced Research Projects Agency, \$50 million.

Deficiency authorizations, \$64,455,000.

Construction for the Reserve components—armories and Reserve facilities, \$39,958,000.

Now, this construction bill, of course, is a reflection of the size of our Armed Forces. This year, it is based on 870,000 men in the Army, 864 ships in the Navy, and 105 wings in the Air Force authorized for June 30, 1959.

Each of the services has its physical plant requirement which, together with the men and the weapons, makes up the total of our defense. The physical plant is an absolutely essential part of the defense structure and it must be improved, added to, and kept modern all of the time.

Now, a bill of this kind has its origin in the requests made by the field establishments of the three services. It is then submitted through channels to the particular military department headquarters in Washington. That department reviews it and it is finally submitted to the Secretary of the military department for his approval. The program then goes to the Secretary of Defense, and specifically to the Assistant Secretary of Defense for Properties and Installations, a position now very competently held by Mr. Floyd S. Bryant.

Mr. Bryant's job is to review and coordinate all of the military construction

programs, making certain, for example, that facilities of one service that are not now being used to full capacity be used by another service. This office takes the overall view of the total construction program.

Following this process this year from a dollar standpoint, the picture is this: the field offices of the three departments made requests for construction totaling over two and a quarter billion dollars. Each of the three services cut this sum and the Secretary of Defense's office cut it further. So that we have before us a bill as I described it above.

This year the field requests of the three military departments totaled over two and a quarter billion dollars. The bill as submitted to the committee for the three military departments was \$1,634,000,000. The committee reduced this by over \$25 million, but in view of the fact that the committee inserted language authorizing the construction of armories in the amount of \$40 million, it makes the total of the bill approximately \$15 million more than asked for by the departments.

The two new elements injected into this bill, which I mentioned, are an authority in the amount of \$50 million for the Advanced Research Projects Agency and almost \$40 million for construction of armories and Reserve facilities for all of our Reserve components. Neither of these has appeared in a military construction bill before this year.

The bill represents some 2,800 individual items, not counting the Reserve construction or the Advanced Research Projects Agency. These line items are carried in what are called backup books and I have brought one of those books—only one of them—to the floor today in order that the House can have some idea of the amount of detailed study which goes into one of these bills. This particular book has 111 pages and is only 1 of 9 books.

Obviously, it would be impossible to go into any great detail with respect to a program of this size on the floor of the House. Indeed, it would take as long for me to explain it on the floor as it took the committee to study it during its hearings. I will, therefore, deal with some of the highlights of the program in order to make the general picture clear to the Members of the House.

For example, some \$545 million of construction in this bill is directly in support of our missile programs; about \$230 million is for expanded radar defense systems; \$208 million is for improving the capabilities of our Strategic Air Command; and \$178 million is for research and development, antimissile, missiles, and facilities needed for outer space projects. Understand, none of this authority is for missiles themselves or for other equipment. It is all for construction.

These elements of the program alone make up 80 percent of the total construction for the three military departments.

Before looking at the highlights of the programs for the three military departments, let me point out one important matter which goes directly to the question of construction costs, and that is

the fact that 94 percent of all of the construction contracts let by the military departments are on a bid basis. The competition is strong and the prospective contractors are using their sharpest pencils to get the work. To my mind, there is no greater assurance of getting a dollar's worth of construction for a dollar spent than this bid process.

ARMY

Let us look first at the Army program: Almost 40 percent of the Army program, or over \$137 million, is for construction of NIKE, Hawk, and Missile Master facilities; 11 percent is for permanent barracks, messes, and administrative and supply buildings for almost 11,000 enlisted men; 9 percent, or \$31 million, is for classified facilities in overseas areas. All of the other percentages are relatively small and cover, for the most part, improvements and additions to existing installations.

NAVY

For the Navy, almost 20 percent is devoted to research, development, and test facilities, many of them classified items and some of them relating to Polaris facilities. Over 14 percent is for operational, communications, and depot facilities to support the needs of the expanding submarine and antisubmarine operations. Over 13 percent is for various training facilities. And I might say that training facilities in all of our military services are more important today than they have ever been before. Changing weapons systems and changing concepts of warfare make up-to-date training absolutely necessary at all times.

Almost 13 percent of the Navy program is for the housing of our enlisted personnel. Again, the other percentages are relatively small and represent for the most part the continued improvement of naval facilities.

AIR FORCE

The percentage distribution of the Air Force program is more widespread than the other services, although the amounts of money are substantial in each case. You will note that the Air Force program is more than both the Army and the Navy program together.

Almost 18 percent of the Air Force program is devoted to the dispersal of units of the Strategic Air Command; 17 percent is for the construction of facilities for ballistic missiles; 13 percent is devoted to construction in support of our aircraft, control, and warning stations in the United States, Alaska, and Canada. And over 12 percent relates to construction for the BOMARC missile at various locations within the United States.

The rest of the Air Force program is made up of troop housing for enlisted personnel, maintenance facilities, extension of the Distant Early Warning Line and numerous other additions and improvements to existing bases.

So those are the highlights of the construction programs of the three departments. I would now like to deal briefly with items which are always of interest to the House and those are land acquisition, new bases in the program, and family housing for our military people.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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For actions of July 10, 1958
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HIGHLIGHTS: Senate committee ordered reported trade agreements extension bill.

SENATE

1. TRADE AGREEMENTS. The Finance Committee ordered reported with amendments H. R. 12591, the proposed Trade Agreements Extension Act of 1958. The Daily Digest reported the following analysis of changes made in the bill by the committee:

Extends the President's authority for 3 years (House proposed 5 years);

Authority to reduce tariffs 5% in a year to maximum of 15% (House proposed 10% annually, 25% total);

Tariff Commission decision final unless the President's disapproval is confirmed by a majority vote of Congress, affirmative decision of Commission prevails in tie votes, and conflicting recommendations resolved by President's decision as to which provided the greatest relief;

Establish a 9 member Commission (3 each from the President, the Senate, and the House) to study the international trade agreement policy of the

U. S. pp. D658-9

Sen. Thurmond inserted his statement and letters from a plywood manufacturer and a textiles firm, on the Trade Agreements Act extension bill. He urged two amendments to extend the act for only 2 years and allow reductions of no more than 10%, and to require Congress to confirm the President's refusal to sustain Tariff Commission recommendations. pp. 12123-5

2. MINERALS. Began debate on S. 4036, to provide stabilization payments to certain minerals producers. pp. 12108-13, 12126, 12127-53
3. BUDGETING. The Appropriations Committee was granted 10 more days to file a report on H. R. 8002, the accrued expenditures budgeting bill. p. 12108
4. FARM PROGRAM. Sen. Proxmire submitted two amendments to be proposed to S. 4071, the Senate farm bill. One amendment would add a Dairy Products Marketing Act similar to that he proposed earlier in S. 2952. The other amendment would add a Dairy Stabilization Act as proposed by the National Milk Producers' Federation. p. 12094
5. PERSONNEL ETHICS. The Post Office and Civil Service Committee reported without amendment H. Con. Res. 175, proposing a Code of Ethics for Government service (S. Rept. 1812). p. 12093
6. WATER DEVELOPMENT. The Judiciary Committee reported without amendment S. 3987, granting the consent of Congress to the Tennessee-Tombigbee Waterway Development Compact (S. Rept. 1826). p. 12093
Sen. Johnson inserted a report, "Water Developments and Potentialities of the State of Texas," prepared by the Army Corps of Engineers, Bureau of Reclamation, SCS, and the Texas Board of Water Engineers. He stated that the report opens the way for developing a water plan for Texas' water resources development. pp. 12090-2
Received from the Budget Bureau plans for works of improvement on Mill Creek, Ga.; Obion Creek, Ky.; Muddy Creek, Miss. and Tenn.; and Dry Devils River and Lowrey Draw Upper Lake Fork Creek, Tex. p. 12092
7. CIVIL DEFENSE. The Armed Services Committee ordered reported with amendments H. R. 7576, to amend the Federal Civil Defense Act of 1950 so as to permit the expansion of the civil-defense activity of the Federal Government to assume more responsibility for the national program. p. D658
8. HUMANE SLAUGHTER. Sen. Monroney inserted 14 editorials urging the Senate to act on the humane slaughter bill. pp. 12153-5
9. RECREATION. Sens. Anderson, Neuberger, Watkins, and Barrett were appointed to the National Outdoor Recreation Resources Review Commission. p. 12126
10. STATEHOOD. Sen. Javits urged action to admit Hawaii into the Union during the 85th Congress and inserted an editorial, "Hawaii's Turn." pp. 12096-8
Sen. Payne inserted his statement and Sen. Pastore spoke, commending the efforts of Ernest Gruening in achieving Alaskan statehood. pp. 12105-6
Sen. Allott urged admission of Hawaii into the Union and discussed with Sens. Watkins and Mansfield the hope of considering such a bill in this session of Congress. pp. 12156-7
Received a resolution from the Maui County Board of Supervisors, Hawaii, urging enactment of legislation to admit Hawaii into the Union. p. 12093
11. EDUCATIONAL EXCHANGE. Received from the U. S. Advisory Commission on Educational Exchange a report for the first six months of 1958. p. 12092

HOUSE

12. SMALL BUSINESS. Agreed to the conference report on H. R. 7963, to make the Small Business Administration a permanent agency and to increase the SBA loan authority. As agreed to, the bill declares it to be the policy of

Congress to insure that a fair proportion of the total sales of Government property be made to small-business concerns; provides that those activities relating to the furnishing of technical and managerial aids to small-business concerns, consultation and cooperation by Small Business Adm. with Federal contracting officers, certification of small-business concerns as competent to perform Government contracts, the obtaining of contracting information from Federal agencies, the conduct of studies and the making of recommendations by SBA to Federal agencies, and the award of Government contracts to small-business concerns are expanded to cover small-business participation in purchases from the Government as well as in procurement by the Government; and provides that the new small-business set-aside program in Government sales will not affect or change any of the preferences or priorities established by law with respect to the sale of electrical power or any other property by the Government. pp. 12163-165

13. FORESTRY; HOG-CHOLERA. The Agriculture Committee reported without amendment S. 3478, to insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus (H. Rept. 2144), and H. R. 12704, to authorize the use of receipts from the national forests for general local government purposes as well as for public schools and public roads (H. Rept. 2139). p. 12226
14. PERSONNEL. Passed, 295 to 46, with amendments S. 1411, to give agencies discretion in either suspending or retaining on duty a Federal employee prior to security hearings. As passed, the bill provides that all Federal employees are deemed to be employed in an activity involving national security, that the head of any department or agency may, in his discretion, suspend an employee when he deems it necessary in the interest of national security, that the department or agency head is not required to suspend an employee prior to the final disposition of the case, that the employee is entitled to a written statement of the charges against him, an opportunity to answer the charges, a hearing at the employee's request, and a review and written decision by the department or agency head, and that the employee is entitled to appeal the decision to the Civil Service Commission whose decision will be final. pp. 12180-195
Rejected, 28 to 125, an amendment by Rep. Porter to provide that hearings conducted by agencies at the employee's request would be conducted in accordance with due process of law. pp. 12189-191
15. RECLAMATION. The "Daily Digest" states as follows: "Committee on Interior and Insular Affairs: Met Wednesday regarding H. R. 594, Fryingpan-Arkansas project, and rejected by vote of 22 to 2, with 4 not voting, a motion to postpone hearings until July 30. Also the committee rejected by vote of 21 to 3, with 3 voting present, a motion to postpone further consideration until the Department of the Interior reports on effect of recent Colorado district court decision regarding availability of water for the project." p. D661
16. PUBLIC WORKS. A subcommittee of the Judiciary Committee ordered adversely reported H. R. 9374, to require bonds for certain public works construction contracts. p. D661
17. APPROPRIATIONS. Conferees were appointed on H. R. 12948, the D. C. appropriation bill for 1959. Senate conferees have not yet been appointed. p. 12160
18. MILITARY CONSTRUCTION. Passed, 376 to 2, with amendments, H. R. 13015, to authorize construction at military installations, including authorization for financing military housing from the foreign currencies acquired under Public Law 480 or through other commodity transactions of CCC. pp. 12160-162

19. ORGANIZATION. Passed without amendment S. 1832, to provide an additional position as Assistant Secretary of State for African affairs. pp. 12166-169
20. TOBACCO. Rep. Blitch spoke in favor of the enactment of legislation to exempt the processing of cigar wrapper tobacco from the Fair Labor Standards Act. pp. 12196-197
21. WATERSHEDS. Received from the Budget Bureau plans for works of improvement pertaining to Dry Devils River and Lowrey Draw watershed and Upper Lake Fork Creek watershed, Tex.; to Public Works Committee. p. 12226
22. LEGISLATIVE PROGRAM. Rep. Albert announced the following bills are scheduled for consideration next week: H. R. 3, effects of acts of Congress on State laws; H. R. 13121, atomic energy authorization bill; H. R. 4504, marketing facilities for perishable commodities; and S. 3651, the proposed Small Business Investment Act of 1958. He stated that bills to extend Public Law 480 and for area redevelopment have not been scheduled for consideration next week. He also stated that the Private Calendar will be called on Tues. pp. 12176-177
23. ADJOURNED until Mon., July 14. p. 12226

ITEMS IN APPENDIX

24. LANDS. Sen. Neuberger inserted two articles favoring S. 3051, the Klamath Indian land bill, and refuting the alleged opposition to this bill by the Nat'l Lumber Manufacturers Ass'n. pp. A6191-2
25. COOPERATIVES. Extension of remarks of Sen. Proxmire inserting an article, "Benson and the Cooperatives," and stating that it "called attention to the strange lack of enthusiasm evidenced by the Secretary of Agriculture for the interests of farmers and of their organizations." p. A6192
26. ONIONS. Sen. Wiley inserted a press release from his office favoring legislation to eliminate futures trading in onions. pp. A6196-7
27. SOIL CONSERVATION. Extension of remarks of Sen. Neuberger inserting Henry Pavelek's, SCS, Albany, Oreg., article detailing the essential importance of flood control to wise soil practices. p. A6197
28. FOREIGN TRADE. Extension of remarks of Sen. Carlson inserting an article, "Flour Manipulation by Haiti," criticizing the action of Haiti in raising import duty on flour. pp. A6198-9
29. FOREIGN AID. Rep. Kee inserted her newsletter describing the functions of the International Operations Subcommittee of the Government Operations Committee and their examination of the administration of the foreign aid program. pp. A6203-4
30. FAMILY FARM. Sen. Proxmire commended and inserted a Nat'l Catholic Rural Life Conference statement which makes an appeal for the family farm and discusses the agricultural revolution for the past 25 years. pp. A6204-6
31. FOOD ADDITIVES. Rep. Dingell inserted a Western States Ass'n of Dairy, Food, and Drug Officials letter and resolution favoring proposed legislation relating to the protesting of chemicals intended to be used in foods. pp. A6215-6

I ask unanimous consent to make this correction in the permanent RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

ADDITIONAL ASSISTANT SECRETARY OF STATE

The SPEAKER pro tempore. The unfinished business is House Resolution 614 providing for the consideration of the bill (S. 1832) to authorize the appointment of one additional Assistant Secretary of State.

The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

SMALL BUSINESS ACT

Mr. SPENCE. Mr. Speaker, I call up the conference report on the bill (H. R. 7963) to amend the Small Business Act of 1953, as amended, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The Clerk read the statement.

(For conference report and statement see proceedings of the House of July 9, 1958.)

Mr. SPENCE. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to extend their remarks on the conference report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. MULTER. Mr. Speaker, the adoption of this conference report marks another milestone in the life of small business in our country. Set up as an experiment, under the leadership of our colleague from Colorado [Mr. HILL], the Small Business Administration has earned the right to be a permanent agency of Government.

I am sure that you will pardon my pride in claiming this act as an accomplishment of my subcommittee No. 2 of the House Small Business Committee. It represents the unanimous action of that subcommittee. I am happy to give full credit to my Republican colleagues, led by the distinguished gentleman from New York [Mr. RIEHLMAN], for their fine cooperation. That was largely responsible for the fact that all but one member of the full committee joined in urging the House Banking and Currency Committee to report H. R. 7963 in the form in which it was enacted.

The House Banking and Currency Committee did thereafter unanimously report the bill and the House passed the bill by a rollcall vote of 392 to 2.

It is heartening indeed to note that the bill as it comes out of conference retains almost all of the same provisions it contained when it passed the House.

There is one item removed from the bill which causes me considerable concern and much regret.

The Congress has always intended that the Small Business Administration be an independent agency of Government. The law says so specifically. Nevertheless, a provision crept into the original law which sets up a Loan Policy Board consisting of the Administrator, the Secretary of the Treasury, and the Secretary of Commerce. We thus find big business representatives in Government dictating loan policy for small business.

For years the House Small Business Committee has been unanimous in urging the abolition of the board. The House Banking and Currency Committee has at least twice done the same thing.

It is disappointing indeed to see that provision abolishing the Loan Policy Board again deleted from a bill that has passed the House.

I can only express the hope that next year we can eliminate the Loan Policy Board again and do it as permanently as we have now established the Small Business Administration.

SMALL BUSINESS NEEDS ALL THE HELP SBA CAN GIVE—AND MORE

Mr. PATMAN. Mr. Speaker, I am in support of the bill which the conferees have agreed upon.

This bill makes the Small Business Administration a permanent agency, and it also liberalizes, in certain respects, the authority which the SBA will have to assist small business. The bill falls far short of providing the authority which I think should be provided. But at least it provides more authority than SBA has had in the past, and it provides all or more than the SBA is likely at this time to use.

I will comment just on the main features of the bill as these relate to SBA's major duties.

A DEFINITION OF SMALL BUSINESS IS NO SUBSTITUTE FOR A PROCUREMENT PROGRAM

The SBA has two major duties: One of these, which is stated somewhat over-optimistically in the present statute, is to assist small firms in obtaining a "fair proportion" of Government purchases and contracts for purchases of goods and services. It is on this point that differing proposals have been considered concerning a definition of small business.

The Department of Defense, which is the principal Government purchaser, has insisted upon defining a small business as a firm with less than 500 employees, without respect to what industry the firm may be in. The definition is, of course, absurd. It excludes all small businesses in many industries, but in some fields it is broad enough to cover the biggest firm in the industry. The definition is clearly contrary to the intent of the original statute of 1953. Furthermore, the SBA has authority,

under existing statute, to change the definition. Yet the SBA has gone along with this definition despite repeated urgings by some of the members of our Small Business Committee that it exercise its authority to install a more sensible definition.

The House bill would have required the SBA to adopt industry-by-industry definitions, and in this respect the bill differed from the Senate bill. We have now agreed on the Senate version, and SBA will not be required to adopt a new definition for procurement purposes within any stated period of time. Some of our Members will be disappointed with this.

As I see the matter, however, we must not place too much emphasis on the question whether a definition is, on its face, absurd. The real question is whether there is a program to carry out the purposes of the act that small firms receive a proportionate share of the Government business.

The truth is, I think, that there is no real program to obtain a fair share of Government procurement for small firms, and a program would not be created merely by changing the definition of small business. It will have to be something more than that. Consequently, a good argument can be made that it is better to wait until such time as a real program is worked out, and then adopt the kind of definition which is most practicable and workable for that particular program.

The Small Business Administration now operates what it calls a "set aside" program for small business. Under this program it obtains the agreement of the purchasing agency to place certain specific orders on the basis of competing bids obtained from small firms only. Actually, for all the manpower and paper shuffling that goes into this program, relatively unimportant amounts of Government business are set aside for small firms. It seems probable, furthermore, that a large percentage of these set asides would inevitably go to small firms anyway. These procurements that are set aside include such things, for example, as contracts to provide laundry services at small and remote army posts, where it is probable that no laundry could be found with as many as 500 employees.

The essential problem to be solved with reference to military procurement is to find a real intention and determination on the part of the military services to do business with small firms and to place a fair proportion of their contract dollars with small firms. When this is done, it will have to be done, I think, at the top level, at the procurement planning stage, and not after procurement instructions have been fanned out to local contracting officers. I am still hopeful that the SBA can exert a greater influence on the Government procurement agencies, and perhaps point out to these agencies procedures and rules they might follow to obtain a fair share of business for small firms. This, the SBA has the authority to do under the present law.

LARGER LOANS MAY BE MADE

SBA's second main function—though this is really its foremost function—is to make loans to small-business people. This is all important, and on this point the bill makes more definite and substantial progress.

When the SBA was first set up in 1953, it had authority to make an individual loan of no more than \$150,000. This was later increased to \$250,000. If the conference report is adopted and approved by the President, the SBA will be authorized to make individual loans in amounts up to \$350,000.

This is still much too small. Assuming that the SBA will make use of its authority and do some substantial lending to small firms, the result will be to help create and expand firms in the very small-size bracket. It will not, however, help small firms expand to the point where they will create competition in the big, quasi-monopolistic industries where competition is most needed, and where industrial expansion is most needed.

SMALL LOANS AT HOME, BIG LOANS ABROAD

Our national policy toward economic development and toward helping firms to obtain capital to bring about business expansion is one thing at home, and an entirely different thing abroad. This Government is lending and giving Federal funds in huge amounts, and under most generous terms, to businesses and to governments in all of the countries of the world outside of the Iron Curtain. And we have created quite a large number of overlapping, duplicating, and competing Federal agencies to make such loans and gifts for economic expansion abroad. On such loans, where they are called loans, there is no limit.

These agencies make individual loans of \$60 million for a steel mill in Argentina, \$17 million for a railroad in Portuguese East Africa, \$7 million for a fertilizer plant in Egypt, \$21 million for a dam and canal in Afghanistan, \$4 million for 2 tire and tube factories in the Philippine Islands, a million dollars for a coal washing plant in Turkey, a million dollars for an aluminum foil plant in Austria, \$20 million for an auto plant in France, \$10 million for a steel mill in Germany, \$2 million for a shipyard in Italy, \$8 million for a thermal power unit and an atomic reactor in Spain, \$3 million for a cement plant in Brazil, \$8 million for 2 sulfur plants in Mexico, \$10 million for an ore beneficiation plant in Peru, \$3½ million for a paper mill in Venezuela, and so on. These are small samples among our foreign loans for economic expansion. And these samples are by no means the largest loans, nor do they cover the whole range of enterprises for which this Government is lending Federal funds. Actually, I have mentioned only a few of the loans made by the Export-Import Bank.

We have in addition to the Export-Import Bank, the International Bank for Reconstruction and Development, known as the World Bank, to which the Federal Government has contributed large sums. We have recently created two new agencies in the foreign lending field, the International Finance Corporation and the other, the Development Loan Fund.

These are in addition to Federal funds provided through the mutual security program, for which there is no commitment for repayment. Let us consider for a moment the following summary of Federal funds which have been authorized for the various foreign spending and lending agencies:

	Millions
Mutual security (economic, military, and technical assistance)---	\$73,598
Export-Import Bank-----	5,000
International Bank for Reconstruction and Development-----	635
International Monetary Fund-----	2,750
International Finance Corp-----	35
Development Loan Fund-----	300
Total-----	82,318

These agencies make economic development loans in some 59 different countries of the world—in Canada, just over our northern border; in Mexico, just below our southern border—anywhere except in the United States.

Where we are being shortsighted, it seems to me, is failing to recognize that our own economic development—expansion of business in this country—is nowhere complete. There are whole vast regions of this country that are economically underdeveloped. People are being pushed off the farms with no jobs to go to, to produce the kinds of goods and services they need and wish to have. We have many so-called "distressed areas" of chronic unemployment, where the resources which once occupied the people have played out and other kinds of industries are badly needed to put the local unemployed back to work.

Actually, there is hardly any locality in the 48 States that is without unemployed people and undeveloped physical resources. These would all benefit from new businesses and from modernization and improvement of their existing businesses.

SBA IS MOVING IN THE RIGHT DIRECTION

It is not to be suggested that the present SBA officials would use a real lending authority, if they now had it. On the contrary, I fear there is some tendency for these officials to regard their agency as a socialistic solution to a capitalistic problem. The same attitude can be found elsewhere in this administration. But it is not, and should not be, a socialistic solution. The problem need only be met with the same vision and understanding with which our foreign lending agencies are helping to meet the problem abroad.

To SBA's credit this must be said: It has been improving its loan program. Over the past year or so its reluctance to make loans to small firms has been fading somewhat; its determination to offer loans only on near-impossible terms and conditions has softened a little; its requirements that the borrower doubly secure his loan have been relaxed a bit; and its tendency to outwait and outinvestigate all loan applicants has tended to give way to a spirit of helpfulness.

It is hoped that SBA will continue to show improvements in these directions.

Mr. RIEHLMAN. Mr. Speaker, this particular occasion makes the years of my service on the Select Committee on

Small Business of the House of Representatives extremely rewarding. The adoption of the conference report on the Small Business Act by this House is one of the last steps which will accord the Small Business Administration a permanent status in our Federal Government. The legislation which we have adopted has had long and earnest consideration and has resulted in widening the range of activities and in increasing the responsibilities of the Small Business Administration. These additional duties and responsibilities will enable the Small Business Administration to more efficiently assist and serve our small-business community. In this connection I sincerely trust that the Small Business Administration will be granted sufficient funds to adequately and efficiently administer all the programs provided in the Small Business Act. I know that in the past some of these programs, particularly procurement assistance to small business, have not been as effective as they could have been had we provided the money for adequate staffing.

It has been my pleasure to serve as a member of Subcommittee No. 2 of the House Small Business Committee. This subcommittee is charged with the responsibility of following the activities of the Small Business Administration and of matters relating to Government procurement and disposal. Subcommittee No. 2 is fortunate in having for its chairman the distinguished and able gentleman from New York, Hon. ABRAHAM J. MULTER, Democrat, of New York. Serving with Mr. MULTER on this subcommittee are Hon. SIDNEY R. YATES, Democrat, of Illinois, Hon. TOM STEED, Democrat, of Oklahoma, Hon. HORACE SEELY-BROWN, Jr., Republican, of Connecticut, and myself. May I say in behalf of the membership of Subcommittee No. 2 that they have never ceased in their efforts to secure the best legislation possible for our small-business community. The reward for these efforts, I know all of us will agree, will be the final enactment of H. R. 7963 into law.

Mr. HILL. Mr. Speaker, it occasionally becomes our good fortune to see legislation approved by the Congress in a form which meets our approbation and without reservation. The conference report on the Small Business Act as just adopted by the House has my wholehearted approval. It is sound legislation in the interest of the most numerous members of our business economy.

As the author of the Small Business Act adopted in the 83d Congress, perhaps my gratification in seeing the Small Business Administration become a permanent independent agency is understandable. The expanded responsibilities under the Small Business Act, as now amended, will enable the Small Business Administration to serve our small-business institutions to a greater degree than ever before.

I desire to commend the members of the Senate and House Committees on Banking and Currency for presenting us a Small Business Act which, I am confident, will have universal approval. I also desire to congratulate my colleagues on the Select Committee on Small Business of the House of Representatives and the members of the Senate Small Busi-

ness Committee who have played an active and important role in the consideration and passage of the Small Business Act.

Mr. McDONOUGH. Mr. Speaker, I wish to comment briefly on the action of the House today in approving the amendments to the Small Business Act of 1953 agreed on by its conferees and those of the Senate.

Although, as a member of the conference committee, I was not in complete accord with all of the amendments to the Act, I believe that their sum total will be increased benefits to the Nation's small-business concerns. And that of course is what we are all concerned with.

I would say also that it is of paramount importance that by their actions today, the members of the House have brought closer the day when the Small Business Administration will stand as a permanent, independent agency assisting our four million small businesses.

It was particularly gratifying to me—and I believe it was also the course of wisdom—that the decision was made to retain the Loan Policy Board of the Small Business Administration.

This Board, of which the Administrator of the Small Business Administration serves as chairman, and the Secretaries of the Treasury and Commerce as members, as rendered valuable service in developing the loan policies of the Agency.

Contrary to the fears of some members of the Congress, experience has shown that the Board has been flexible in developing new policies and new procedures to meet the changing credit needs of small business firms. The Board has functioned as the original drafters of the Small Business Act intended it to do—in the best interests of small business.

I was also pleased at other changes made by the House and Senate conferees and approved by the Members of the House.

For example, I believe it would have been a great mistake to require the Small Business Administration to adopt a new definition of small business for Government procurement purposes within a certain time after passage of the bill. The new amendment will achieve the desired result that any definition which takes into account number of employees will include variable industry-by-industry standards, without at the same time tying the hands of the agency as far as a particular time limit is concerned.

I think that is particularly important. The Small Business Administration has demonstrated that it is working conscientiously with the Government's procurement agencies to develop a definition that will meet the needs of all concerned, and at the same time prove beneficial to small business. Knowing how difficult and lengthy a job this is, I believe it would have been a mistake to try to fix a time limit in which it must be accomplished.

Several other amendments to the act should result in increased Government assistance to small business.

I am thinking here particularly of the provisions that the Small Business Administration should assist small-business

concerns in obtaining a fair share of property being disposed of by the Government, and that the agency should give small firms increased help in the fields of research and development.

The amendment by which the maximum interest rate on the Small Business Administration's share of a business loan was reduced from the present 6 percent to 5.5 percent was not, in my opinion, a necessary or desirable change.

I believe that the existing rate is a realistic one under economic conditions today, and that the higher rate is necessary in order to help offset the expense of making and servicing loans. The reduction in the interest rate may well reduce the volume of bank participations in the Small Business Administration's loans, and result in a proportionately greater volume of direct Government loans.

At the same time, I was pleased to have deleted from the bill the proposed requirement, I feel certain, would have a Small Business Administration loan would be determined by the rate prevailing in the borrower's area. This requirement, I feel certain, would have been impracticable in the case of the types of loans made by the agency—loans which differ from those generally made by private lending institutions.

Another change which seems to me to be unnecessary is the increase in the maximum loan which the Small Business Administration can have outstanding to any one borrower from \$250,000 to \$350,000. I do not believe this increase was needed in meeting the credit needs of small business. Most of the Small Business Administration's loans have been well under the \$250,000 limit, which indicates that a maximum loan of this size is well suited to the requirements of most small-business concerns.

However, as I have said, I believe that the conferees agreed on, and the House has approved, a bill which, in most of its provisions, is a good one. It should result in a strengthening of the Small Business Administration's many services to small business. And of particular significance, it gives assurance that the programs of the agency will be continuous, and that the Small Business Administration will become a permanent part of the Federal Government.

ADDITIONAL ALLOWANCE FOR STATIONERY

Mr. FRIEDEL. Mr. Speaker, I offer a resolution (H. Res. 628) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That, in addition to amounts otherwise authorized by law, there shall be paid out of the contingent fund of the House of Representatives to each Representative, Delegate, and the Resident Commissioner of Puerto Rico, an additional allowance for stationery of \$600 for the 2d session of the 85th Congress.

The resolution was agreed to.

A motion to reconsider was laid on the table.

SENTENCING OF PERSONS CONVICTED OF OFFENSES AGAINST THE UNITED STATES

Mr. O'NEILL. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 615 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the joint resolution (H. J. Res. 424) to improve the administration of justice by authorizing the establishment of institutes and joint councils on sentencing for the development of objectives, standards, procedures, and policies to be followed in the sentencing of persons convicted of offenses against the United States. After general debate, which shall be confined to the joint resolution, and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the joint resolution shall be read for amendment under the 5-minute rule. It shall be in order to consider without the intervention of any point of order the substitute amendment recommended by the Committee on the Judiciary now in the joint resolution and such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original joint resolution. At the conclusion of such consideration the Committee shall rise and report the joint resolution to the House with such amendments as may have been adopted, and any member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the joint resolution or committee substitute. The previous questions shall be considered as ordered on the joint resolution and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

Mr. O'NEILL. Mr. Speaker, at the conclusion of my remarks I yield 30 minutes to the gentleman from Illinois [Mr. ALLEN].

Mr. Speaker, House Resolution makes in order the consideration of House Joint Resolution 424, a bill designed to improve sentencing procedures for Federal crimes and offenses. The resolution provides for an open rule, 1 hour of general debate, and also provides that the committee substitute written in the bill will be considered as an original bill for the purposes of amendment.

The problem of Federal sentencing procedures has been a matter of concern for many years. The information obtained during the study, investigation and hearings by the Judiciary Committee clearly indicated the existence of widespread disparities in the sentences imposed by Federal courts. In some cases sentences are too short to enable rehabilitation, while on the other hand minor offenders serve excessively long terms of confinement, both of which have the effect of prejudicing the public safety.

This measure authorizes the establishment of joint institutes and councils on sentencing at which Federal judges, Department of Justice personnel and other professional persons would study and work out principles and criteria which would achieve a more equitable

administration of the criminal laws of the United States. These joint institutes and councils would meet under the auspices of the Judicial Conference of the United States.

Another provision of the bill would provide judges with alternative procedures in sentencing convicted prisoners. In other words, judges would have the tools necessary to fit the sentences to the requirements of the individual offenders and, at the same time, provide desirable safeguards for the protection of the public. At the present time a judge cannot modify a sentence later than 60 days after it has begun which gives little time to study and observe a prisoner. This joint resolution would extend the court's authority to modify a sentence up to 6 months after it has begun.

Further, the joint resolution authorizes the court to impose sentences under the Youth Correction Act in cases of certain defendants 22 years of age and under 26 at the time of conviction. Presently the act is applicable only to those under the age of 22. This provision will give a judge the opportunity to sentence youthful offenders whom he believes are suitable subjects for the correctional treatment provided under the Youth Corrections Act.

These proposals have the support and approval of the Attorney General, the Judicial Conference of the United States, the Department of Health, Education, and Welfare, as well as probation and correctional associations.

I urge the adoption of House Resolution 615.

(Mr. O'NEILL asked and was given permission to revise and extend his remarks.)

Mr. ALLEN of Illinois. Mr. Speaker, I have no requests for time.

Mr. O'NEILL. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

ADDITIONAL ASSISTANT SECRETARY OF STATE

Mr. MORGAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 1832) to authorize the appointment of one additional Assistant Secretary of State.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 1832, with Mr. MERCALF in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. MORGAN. Mr. Chairman, I yield myself 5 minutes.

(Mr. MORGAN asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Chairman, I rise in support of Senate bill 1832. This bill was considered in the House under suspension on June 26, 1958, and failed to

obtain a two-thirds vote, although it did obtain a clear majority. The vote was 224 to 145.

This bill amends the act of May 26, 1949, by increasing from 10 to 11 the number of Assistant Secretaries authorized for the Department of State. A similar change is made in the Federal Executive Pay Act of 1956.

The purpose of the bill is to provide an Assistant Secretary of State for Africa. This position is definitely needed. The bill does not call for any reorganization within the Department. That was accomplished administratively in 1956 and 1957. Nor does it call for any additional cost, other than the salary of the new assistant secretary and his confidential secretary.

The new states of Africa are achieving new status in international affairs. They are represented in the United Nations. It is our devout hope that we can secure these nations to the free world.

Mr. Chairman, this bill was debated fully on June 26, 1958, and Members can consult the CONGRESSIONAL RECORD for that day for further details.

The committee is of the opinion that enactment of this bill is in the best interests of the United States in that it would enable the Department of State to give more adequate attention to developments and problems in Africa, and would insure prompt consideration of those problems at a high level.

I urge the passage of the bill.

Mr. MATTHEWS. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Florida.

Mr. MATTHEWS. Is it customary to divide the work in the Department of State according to different areas of the world, or would this be a new departure from the present system?

Mr. MORGAN. It is more an extension of the routine in the evolutionary process of the Department of State. It would not be a new departure from the present system.

Mr. MATTHEWS. In other words, in the State Department they have a system of dividing the world into different categories, different areas, and provide an Assistant Secretary to more or less superintend the problems of the Department for those areas?

Mr. MORGAN. That is right. Under the present system they have an Assistant Secretary for the Near East, Africa, and southern Asia. The population of that area is something like 800 million. It is a huge job for one man. The purpose of the bill is to divide up that area and provide an additional Assistant Secretary of State.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Minnesota.

Mr. JUDD. In further answer to the question of the gentleman from Florida, we already have an Assistant Secretary for Latin America; we have one for Europe and one for the Far East. Then we have one for the Near East, south Asia, and Africa. This man has to handle all the countries and problems from India clear through the Middle East and

north Africa to Dakar; and everything from Cape Town in the south to the borders of the Soviet Union on the north. It is too large an area for any one man to handle. He cannot give immediate attention to every part of it, especially now, when so many of the most urgent events are occurring in the Middle East, but when things that happen in Asia may be just as important in the long run; is that true?

Mr. MORGAN. That is true.

Mr. VORYS. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, the gentleman from Pennsylvania has already explained that on June 26, the bill failed of passage under suspension by a vote of 224 in favor to 145 against. At that time the reasons for having an additional Secretary for Africa were stated. There are 50 political entities in Africa, 7 nations, 4 of them new nations that have come into being in recent years.

In this area of the Near East, South Asia, and Africa, which has all been handled by one Assistant Secretary of State for some years, are most of the 19 countries that have become independent in the past few years. Handling the affairs of these additional independent nations in the Department of State makes an additional load for the top-level officials.

During the debate the other day some of the minority were criticizing the number of Assistant Secretaries and Deputies, Under Secretaries, and so forth, that exist in the Department of State. That pattern was established under the recommendations of the Hoover Commission in 1949. At that time we had six Assistant Secretaries. The Hoover Commission recommended that it be raised to 10, and to have 2 Deputy Under Secretaries. The reasoning was, and I will quote just a sentence from the Hoover Commission's recommendations, that such a plan "would relieve the Secretary and Under Secretary from the burdensome details which now come to them."

They said further:

The Government should be able to send high-level officials, with adequate staffs, to represent the United States in international organizations and conferences. When not so engaged, these men should, in part at least, be able to spend their time in the Department advising and aiding the Secretary in the formation of the policies which they may have to handle. In this way they can be fully informed of all the facets of United States policies.

I think I have read enough from the Hoover Commission's report to remind my brethren that this pattern, which is simply extended by one Assistant Secretary, was recommended by the Hoover Commission. The bill reorganizing the State Department in 1949, which came from our committee, was the first reorganization of any department in accordance with the Hoover Commission's recommendations. So this Assistant Secretary arrangement is not something dreamed up in the Department of State but recommended by a separate and independent commission, in the interest of governmental efficiency.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 14, 1958
For actions of July 11, 1958
85th-2d, No. 116

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HIGHLIGHTS: Senate passed omnibus housing bill. House subcommittee reported bill to facilitate insured loans. Senate passed minerals stabilization payments bill. Senate passed bill to prohibit trading in onion futures.

SENATE

1. **ONION FUTURES.** Passed as reported H. R. 376, to prohibit trading in onion futures, remove onions from regulation under the Commodity Exchange Act, provide criminal penalties for violations of the provisions of the bill, and make the bill effective 30 days after enactment. pp. 11290-300
Sen. Barrett submitted, and later withdrew, a proposed amendment to prohibit futures trading in wool and wool tops. pp. 12295-96
2. **MINERALS.** Passed, 70 to 12, with amendments S. 4036, to provide stabilization payments to certain minerals producers. pp. 12239, 12256-78, 12281-90
3. **PERSONNEL.** Passed with amendment S. 3195, to authorize certain retired personnel of the U. S. Government to accept and wear decorations, presents, and other things tendered them by certain foreign countries, including certain retired employees of this Department. pp. 12239-55
S. 1411, to give agencies discretion in suspending Federal employees prior to security hearings, was referred to the Post Office and Civil Service Committee for study of the House amendments to the bill. pp. 12255-56

Agreed to H. Con. Res. 175, proposing a Code of Ethics for Government service. pp. 12331-32

4. CIVIL DEFENSE. The Armed Services Committee reported with amendments H. R. 7576, to amend the Federal Civil Defense Act of 1950 so as to permit the expansion of the civil-defense activity of the Federal Government to assume more responsibility for the national program (S. Rept. 1831). p. 12230
5. FORESTRY. Sen. Neuberger inserted a newspaper editorial supporting enactment of legislation for the establishment of wilderness areas on public lands. pp. 12238-39
6. SMALL BUSINESS. Agreed to the conference report on H. R. 7963, to make the Small Business Administration a permanent agency, increase the revolving fund and loan limitations, and allow SBA to do research for small firms. This bill will now be sent to the President. p. 12256
7. HOUSING. Passed with amendments S. 4035, proposed Housing Act of 1958, which includes a provision extending the authority for farm housing research under HHFA for 3 years and authorizing appropriation of \$100,000 per year for this purpose (p. 12307). pp. 12300-31
8. BUDGETING. Sen. Proxmire inserted Sen. Kennedy's testimony before the Appropriations Committee in favor of substituting S. 434, an accrued expenditures budgeting bill, for the House-passed bill, H. R. 8002, on the same subject. pp. 12280-1
9. SUGAR; WOOL. Sen. Watkins inserted a statement he had prepared defending price support payments to beet sugar and wool producers, including tables showing the number and amount of payments to producers by States. pp. 12286-289
10. NOMINATION. Confirmed the nomination of Leo A. Hoegh as Director of the Office of Defense and Civilian Mobilization. p. 12336
11. LEGISLATIVE PROGRAM. Sen. Johnson announced that the farm bill (S. 4071) would be taken up following consideration of the pending business. p. 12332
12. ADJOURNED until Mon., July 14. p. 12336

HOUSE

13. FARM LOANS. The Conservation and Credit Subcommittee ordered reported to the Agriculture Committee H. R. 10965, to improve the FHA insured loan program under title I of the Bankhead-Jones Farm Tenant Act. p. D667
14. RECLAMATION. The Irrigation and Reclamation Subcommittee ordered reported to the Interior and Insular Affairs Committee S. 4002 and H. R. 13018, to authorize the Gray Dam and Reservoir as a part of the Glendo Unit of the Missouri River Basin project. p. D667

ITEMS IN APPENDIX

15. HUMANE SLAUGHTER. Sen. Monroney inserted an editorial, "A Merciless Stall," criticizing the Senate Agriculture and Forestry Committee for not taking immediate action to report the humane slaughter bill. p. A6240

DEPARTMENT OF THE NAVY—Continued

Name	Date of retirement	Donor government	Award	Remarks
Captain—Continued				
Jarrell, Henry T. 61436	Jan. 1, 1948	Spain.....	Cross of Naval Merit (Third Class).....	Token of good will.
Kirten, William, Jr. 59544	June 30, 1955	Mexico.....	Order of Special Merit.....	Token of good will.
Lee, Charles L. 58739	June 30, 1954	Greece.....	Royal Order of the Phoenix.....	Service as a member of mission on aid to Greece.
Linson, Ross G. 72429	Mar. 1, 1956	Brazil.....	Order of Naval Merit (Knight).....	Services to Brazilian Navy.
Mathews, Laurance O., Jr. 63317	Feb. 1, 1957	Finland.....	Order of the White Rose (Commander).	Token of good will.
McCaffree, Burnham C. 60445	June 30, 1956	Mexico.....	Order of Military Merit (Second Class).	Token of good will.
Pryce, Roland F. 61239	June 30, 1957	Greece.....	Royal Order of the Phoenix (Cross of the Commander).	Token of good will.
Simpson, Robert T. 71536	Feb. 1, 1957	Chile.....	Military Medal (Second Class).....	Distinguished service to the Chilean Navy.
Sisson, Thomas U. 58578	June 30, 1954	Morocco.....	Order of Ouissam Alaouite (Cherifien).	Director of Naval Activities, Port Lyautey, Morocco.
Smith-Hutton, Henri H. 57756	June 30, 1952	France.....	Legion of Honor (Commander).....	United States Naval Attaché, Paris, France.
Stickney, Fred R. 59375	June 30, 1955	Brazil.....	Order of Naval Merit (Commander).....	Services rendered Brazilian Navy, Sub-Chief United States Naval Mission to Brazil.
Suits, Willard J. 57773	June 30, 1952	Chile.....	Military Medal (Second Class).....	Distinguished service to the Chilean Naval Commission.
Thew, Joseph P. 58538	June 30, 1954	Japan.....	Order of the Sacred Treasure (Third Order of Merit).	Token of good will.
Tibbitts, Frank P. 59671	June 30, 1955	Sweden.....	Royal Order of the Sword (Knight Commander).	Token of good will.
Zollars, Allen M. 61578	July 1, 1957	Chile.....	Navy Military Medal.....	Chief, United States Naval Mission to Chile.
Commander				
Hathaway, Marvin F. 70982	Apr. 1, 1956	Brazil.....	Order of Naval Merit (Official).....	For services rendered to the Brazilian Government.
Pilson, Louis J. 168274	June 1, 1957	Peru.....	Peruvian Cross of Naval Merit (Officer).	Token of good will.
Reynolds, Harry O. 73971	July 31, 1953	Chile.....	Naval Military Medal (Third Class).....	Liaison officer for vessels being transferred to South American countries.
Ruff, Robert R. 203373	Feb. 28, 1957	Brazil.....	Order of Naval Merit (Officer).....	Token of good will.
Lieutenant Commander				
Beck, George W., Jr. 487249	Sept. 1, 1957	Brazil.....	Order of Naval Merit (Officer).....	For services rendered to the Brazilian Navy.
Bell, William E. 291761	July 1, 1956	Peru.....	Peruvian Cross of Naval Merit (Commander).	For services rendered to the Peruvian Navy.
Chaney, Clarence M. 355524	Sept. 1, 1954	Korea.....	Order of Military Merit, Chung Mu with Gold Star.	For service to the Republic of Korea Navy.
Gibson, James B. 168264	Mar. 1, 1956	Venezuela.....	Medal of Naval Merit.....	Member of United States Naval Mission, Caracas, Venezuela.
Gratz, Richard A. 183592	Oct. 1, 1946	France.....	French Médaille de l'Aéronautique.....	Token of good will.
Jackson, Walter. 293952	Jan. 1, 1955	Peru.....	Peruvian Cross of Naval Merit (Officer).	For cooperation with the Peruvian Navy.
Odielus, Michael G. 202337	Sept. 1, 1957	Peru.....	Peruvian Cross of Naval Merit (Officer).	For cooperation with the Peruvian Navy.
Lieutenant				
Dubler, Francis J. 198092	June 1, 1956	Chile.....	Military Medal (Third Class).....	Services to Chilean Naval Commission.
Harris, Vernon Ray. 309715	July 1, 1956	Colombia.....	Naval Order (Almirante Padilla) 1823-1947.	Assisted in the modernization of the Are Antioquia and Are Caldas.
Jones, Evan E. 310202	Mar. 1, 1956	China.....	Breast Order of Yun Hui.....	Adviser in designing and building the training school.
Maxwell, Raymond E. 136831	Mar. 1, 1956	Peru.....	Peruvian Cross of Naval Merit (Gentleman).	Cooperation with the Peruvian Navy.
Lieutenant Junior Grade				
Connell, Clyde E., Jr. (MC) 272987	Aug. 1, 1954	Egypt.....	Medal Commemorative of the Fight against Cholera.	Participation in the fight against cholera.

Mr. MANSFIELD. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. FLANDERS. Mr. President, I am very grateful to the Senate for passing the bill, particularly because it includes former Senator Warren Austin, who has retired, and who would very much appreciate having personal custody of certain decorations which have been granted to him by foreign countries.

It is, I believe, a proper procedure that, so long as officials are in service, they should not hold personal possession of decorations awarded to them by foreign countries, but when they have retired—as former Senator Austin has, after years

of brilliant service in this body and after other years of brilliant service, including service as the first Ambassador of the United States to the United Nations—they should have personal possession of such decorations. I am very glad indeed that by the vote of the Senate, former Senator Austin has been given the privilege of having in his personal possession the decorations awarded to him.

SUSPENSION OF EMPLOYMENT OF CIVILIAN PERSONNEL IN INTEREST OF NATIONAL SECURITY—REFERENCE OF HOUSE AMENDMENT TO COMMITTEE

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1411) to amend the act of August 26, 1950, re-

lating to the suspension of employment of civilian personnel of the United States in the interest of national security, which was, to strike out all after the enacting clause and insert:

That the act of August 26, 1950, chapter 803 (64 Stat. 476) is hereby amended to read as follows: "That, notwithstanding the provisions of section 6 of the act of August 24, 1912 (37 Stat. 555), as amended (5 U. S. C. 652), or the provisions of any other law, the head of any department or agency of the United States Government may, in his absolute discretion and when deemed necessary in the interest of national security, suspend, without pay, any civilian officer or employee of the Government. To the extent that such agency head determines that the interests of the national safety and security permit, the employee concerned shall be notified of the reasons for his suspension and within 30 days after such notification any such person shall have an opportunity to submit any statements or affidavits to the

official designated by the head of the agency concerned to show why he should be reinstated or restored to duty. The agency head concerned may, following such investigation and review as he deems necessary, terminate the employment of such suspended civilian officer or employee whenever he shall determine such termination necessary or advisable in the interest of the national security of the United States: *Provided*, That any employee having a permanent or indefinite appointment, and having completed his probationary or trial period, who is a citizen of the United States whose employment is suspended under the authority of this act, shall be given after his suspension and before his employment is terminated under the authority of this act, (1) a written statement within 30 days after the suspension of the charges against him, which shall be subject to amendment within 30 days thereafter and which shall be stated as specifically as security considerations permit; (2) an opportunity within 30 days thereafter (plus an additional 30 days if the charges are amended) to answer such charges and to submit affidavits; (3) a hearing, at the employee's request, by a duly constituted agency authority for this purpose; (4) a review of his case by the agency head, or some official designated by him, before a decision adverse to the employee is made final; and (5) a written statement of the decision of the agency head: *Provided further*, That any person whose employment is so suspended or terminated under the authority of this act may, in the discretion of the agency head concerned, be reinstated or restored to duty, and if reinstated or restored, by action of the agency head under this proviso or pursuant to determination and decision of the Civil Service Commission under section 4, shall be allowed compensation for all or any part of the period of such suspension or termination in an amount not to exceed the difference between the amount such person would normally have earned during the period of such suspension or termination, at the rate he was receiving on the date of suspension or termination, as appropriate and the interim net earnings of such person: *Provided further*, That nothing contained in this act shall be deemed to require the suspension of any civilian officer or employee prior to hearing or termination: *Provided further*, That to the extent consistent with the interest of the national security in the light of the facts and circumstances of the particular case, the department or agency head concerned shall utilize, in lieu of other provisions of this act or any Executive order issued under this act, the provisions of section 6 of the act of August 24, 1912 (Public Law 623, 83d Cong.), and section 14 of the Veterans' Preference Act of 1944 in connection with the suspension or termination of employment of any civilian officer or employee.

Sec. 2. Nothing contained in this act shall impair the powers vested in the Atomic Energy Commission by the Atomic Energy Act of 1954 or the requirements of section 161 of such act that adequate provision be made for administrative review of any determination to dismiss any employee of such Commission.

Sec. 3. As used in this act, "national security" means all governmental activities of the United States Government involving the national safety and security, including but not limited to activities concerned with the protection of the United States from internal subversion or foreign aggression. All employees of any department or agency of the United States Government are deemed to be employed in an activity of the Government involving national security.

Sec. 4. It shall be the duty of the United States Civil Service Commission, upon the request of any employee, to review the decision, under this act and under any Executive order issued pursuant to this act, of the

agency head concerned in the case of such employee with respect to the validity, truth, and merits of the charges made and with respect to the procedures followed. The Commission shall prepare a written opinion and decision in each such case containing its recommendations with respect to the decision of the agency head. The Commission shall transmit its opinion and decision to the agency head concerned for action in accordance therewith. The determination by the Commission of any question of other matter connected with such review shall be final and conclusive. If any member of the Commission does not concur in such opinion and decision, he may file a dissenting opinion.

Mr. JOHNSTON of South Carolina. Mr. President, the Senate passed S. 1411, and the House has amended it. It is now an entirely new bill. I ask unanimous consent that the amendment of the House of Representatives to S. 1411 be referred to the Committee on Post Office and Civil Service for study.

Mr. CARLSON. Mr. President, I have no objection to having the amendment referred to the committee, for study, but I hope that after it has been considered, it will be reported to the Senate, so that action may be taken on it during this session of Congress.

Mr. JOHNSTON of South Carolina. It is my hope that we will report it back promptly. We will probably have a meeting of the committee on Thursday. I ask that the House amendment be referred to the Committee on Post Office and Civil Service for study.

The PRESIDING OFFICER. Without objection, the amendment of the House of Representatives to S. 1411 will be referred to the Committee on Post Office and Civil Service, as requested by the Senator from South Carolina.

AMENDMENT OF SMALL BUSINESS ACT OF 1953—CONFERENCE REPORT

Mr. CLARK. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7963) to amend the Small Business Act of 1953, as amended. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of July 9, 1958, p. 12041, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. CLARK. Mr. President, this is a good report and a good bill. The House receded on 10 of the 14 differences of opinion between the two Houses.

I ask unanimous consent that a statement clarifying and explaining the conference report may be printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT ON CONFERENCE REPORT, H. R. 7963, SMALL BUSINESS ADMINISTRATION

H. R. 7963, the bill which rewrites the Small Business Act, as reported by the conferees, is a good bill. The bill makes four major changes in existing law:

1. It removes the time limit on the life of the Small Business Administration, and this agency would become a permanent part of the Federal establishment;

2. It increases the revolving fund for business loans by \$295 million, which amount is estimated to be sufficient through fiscal year 1959;

3. It raises the maximum loan limit for business loans from \$250,000 to \$350,000; and

4. It directs the Small Business Administration to assist small firms in obtaining Government research and development contracts and in realizing benefits from Government research and development contracts.

The Senate made 14 substantive amendments to H. R. 7963, as passed by the House. Ten of these amendments were accepted by the House conferees without amendment. The conferees made four substantive changes in the bill as passed by the Senate, and these changes are as follows:

1. The Senate amendment which would enable small-business concerns to obtain a fair share of Government sales was amended to make certain that existing preferences pertaining to the disposal of Federal property would not be disturbed.

2. The Senate amendment which deleted a House provision requiring the establishment of variable size standards for the purposes of Government procurement, within 60 days after enactment, was amended to accept a portion of language recommended by the House of Representatives. This language requires that the definition of small-business concerns, for procurement purposes, shall vary from industry to industry to the extent necessary to reflect differing characteristics of such industries and to take proper account of other relevant factors.

3. As passed by the Senate, H. R. 7963 contained a provision authorizing the Small Business Administration to permit employees to take training courses with payment of salaries and expenses by the SBA during the period of training. Subsequent to passage of H. R. 7963 by the Senate, a general training bill covering all Federal employees was enacted. For this reason, the Senate Conferees agreed to delete this provision of the bill.

4. The Senate amended a provision of H. R. 7963 to retain provisions of existing law setting a maximum interest rate of 6 percent on business loans made by the Small Business Administration. As passed by the House, this maximum rate had been lowered to 5 percent. The House conferees were adamant on this provision of the bill, and the conference finally agreed to accept 5½ percent as a maximum interest rate on the SBA portion of business loans.

I believe that the conference has produced a good bill, and I recommend that the Senate approve the conference report.

Mr. CLARK. Mr. President, I move that the Senate agree to the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

STABILIZATION OF PRODUCTION OF COPPER, LEAD, ZINC, AND OTHER MINERALS FROM DOMESTIC MINES

The Senate resumed the consideration of the bill (S. 4036) to stabilize produc-

Public Law 85-536
85th Congress, H. R. 7963
July 18, 1958

AN ACT

72 Stat. 384.

To amend the Small Business Act of 1953, as amended.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title II of the Act of July 30, 1953 (Public Law 163, Eighty-third Congress), as amended, is hereby withdrawn as a part of that Act and is made a separate Act to be known as the "Small Business Act".

Small Business
Act.
67 Stat. 232.
15 USC 631.

SEC. 2. The Small Business Act is amended to read as follows:

"SEC. 1. This Act may be cited as the 'Small Business Act'.

"SEC. 2. (a) The essence of the American economic system of private enterprise is free competition. Only through full and free competition can free markets, free entry into business, and opportunities for the expression and growth of personal initiative and individual judgment be assured. The preservation and expansion of such competition is basic not only to the economic well-being but to the security of this Nation. Such security and well-being cannot be realized unless the actual and potential capacity of small business is encouraged and developed. It is the declared policy of the Congress that the Government should aid, counsel, assist, and protect, insofar as is possible, the interests of small-business concerns in order to preserve free competitive enterprise, to insure that a fair proportion of the total purchases and contracts for property and services for the Government (including but not limited to contracts for maintenance, repair, and construction) be placed with small-business enterprises, to insure that a fair proportion of the total sales of Government property be made to such enterprises, and to maintain and strengthen the overall economy of the Nation.

Policy of
Congress.

"(b) Further, it is the declared policy of the Congress that the Government should aid and assist victims of floods and other catastrophes.

"SEC. 3. For the purposes of this Act, a small-business concern shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation. In addition to the foregoing criteria the Administrator, in making a detailed definition, may use these criteria, among others: Number of employees and dollar volume of business. Where the number of employees is used as one of the criteria in making such definition for any of the purposes of this Act, the maximum number of employees which a small-business concern may have under the definition shall vary from industry to industry to the extent necessary to reflect differing characteristics of such industries and to take proper account of other relevant factors.

Definition.

"SEC. 4. (a) In order to carry out the policies of this Act there is hereby created an agency under the name 'Small Business Administration' (herein referred to as the Administration), which Administration shall be under the general direction and supervision of the President and shall not be affiliated with or be within any other agency or department of the Federal Government. The principal office of the Administration shall be located in the District of Columbia. The Administration may establish such branch and regional offices in other places in the United States as may be determined by the Administrator of the Administration. As used in this Act, the term 'United States' includes the several States, the Territories and possessions of the United States, the Commonwealth of Puerto Rico, and the District of Columbia.

Small Business
Administration.

"United States".

"(b) The management of the Administration shall be vested in an Administrator who shall be appointed from civilian life by the President, by and with the advice and consent of the Senate, and

Administrator.
Appointment.

who shall be a person of outstanding qualifications known to be familiar and sympathetic with small-business needs and problems. The Administrator shall not engage in any other business, vocation, or employment than that of serving as Administrator. The Administrator is authorized to appoint three Deputy Administrators to assist in the execution of the functions vested in the Administration.

Appropriations.
Revolving fund.

"(c) The Administration is authorized to obtain money from the Treasury of the United States for use in the performance of the powers and duties granted to or imposed upon it by law, not to exceed a total of \$650,000,000 outstanding at any one time. For this purpose appropriations not to exceed \$650,000,000 are hereby authorized to be made to a revolving fund in the Treasury. Advances shall be made to the Administration from the revolving fund when requested by the Administration. This revolving fund shall be used for the purposes enumerated subsequently in sections 7 (a), 7 (b), and 8 (a). Not to exceed an aggregate of \$500,000,000 shall be outstanding at any one time for the purposes enumerated in section 7 (a). Not to exceed an aggregate of \$125,000,000 shall be outstanding at any one time for the purposes enumerated in section 7 (b). Not to exceed an aggregate of \$25,000,000 shall be outstanding at any one time for the purposes enumerated in section 8 (a). The Administration shall place into miscellaneous receipts of the Treasury, at the close of each fiscal year, interest on the net amount of the cash disbursements from such advances at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding interest-bearing marketable public debt obligations of the United States of comparable maturities.

Loan Policy
Board.

"(d) There is hereby created the Loan Policy Board of the Small Business Administration, which shall consist of the following members, all ex officio: The Administrator, as Chairman, the Secretary of the Treasury, and the Secretary of Commerce. Either of the said Secretaries may designate an officer of his Department, who has been appointed by the President by and with the advice and consent of the Senate, to act in his stead as a member of the Loan Policy Board with respect to any matter or matters. The Loan Policy Board shall establish general policies (particularly with reference to the public interest involved in the granting and denial of applications for financial assistance by the Administration and with reference to the coordination of the functions of the Administration with other activities and policies of the Government), which shall govern the granting and denial of applications for financial assistance by the Administration.

Seal, employees,
etc.

"SEC. 5. (a) The Administration shall have power to adopt, alter, and use a seal, which shall be judicially noticed. The Administrator is authorized, subject to the civil-service and classification laws, to select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this Act; to define their authority and duties; to provide bonds for them in such amounts as the Administrator shall determine; and to pay the costs of qualification of certain of them as notaries public. The Administration, with the consent of any board, commission, independent establishment, or executive department of the Government, may avail itself on a reimbursable or nonreimbursable basis of the use of information, services, facilities (including any field service thereof), officers, and employees thereof, in carrying out the provisions of this Act. Subject to the standards and procedures under section 505 of the Classification Act of 1949, as amended, not to exceed fifteen positions in the Administration may be placed in grades 16, 17, and 18 of the General Schedule established by that Act, and any such positions shall be additional to the number authorized by such section.

69 Stat. 179;
Ante, p. 213.
5 USC 1105.
Supergrade
positions.

"(b) In the performance of, and with respect to, the functions, Functions, etc.
powers, and duties vested in him by this Act the Administrator may—

"(1) sue and be sued in any court of record of a State having Suits.
general jurisdiction, or in any United States district court, and
jurisdiction is conferred upon such district court to determine
such controversies without regard to the amount in controversy;
but no attachment, injunction, garnishment, or other similar
process, mesne or final, shall be issued against the Administrator
or his property;

"(2) under regulations prescribed by him, assign or sell at Disposals for
collection of
loans.
public or private sale, or otherwise dispose of for cash or credit,
in his discretion and upon such terms and conditions and for such
consideration as the Administrator shall determine to be reason-
able, any evidence of debt, contract, claim, personal property, or
security assigned to or held by him in connection with the pay-
ment of loans granted under this Act, and to collect or compromise
all obligations assigned to or held by him and all legal or equitable
rights accruing to him in connection with the payment of such
loans until such time as such obligations may be referred to the
Attorney General for suit or collection;

"(3) deal with, complete, renovate, improve, modernize, insure, Property.
or rent, or sell for cash or credit upon such terms and conditions
and for such consideration as the Administrator shall determine
to be reasonable, any real property conveyed to or otherwise
acquired by him in connection with the payment of loans granted
under this Act;

"(4) pursue to final collection, by way of compromise or other- Claims and
judgments.
wise, all claims against third parties assigned to the Administra-
tor in connection with loans made by him. This shall include
authority to obtain deficiency judgments or otherwise in the case
of mortgages assigned to the Administrator. Section 3709 of
the Revised Statutes, as amended (41 U. S. C., sec. 5), shall not
be construed to apply to any contract of hazard insurance or to
any purchase or contract for services or supplies on account of
property obtained by the Administrator as a result of loans made
under this Act if the premium therefor or the amount thereof does
not exceed \$1,000. The power to convey and to execute in the
name of the Administrator deeds of conveyance, deeds of release,
assignments and satisfactions of mortgages, and any other writ-
ten instrument relating to real property or any interest therein
acquired by the Administrator pursuant to the provisions of this
Act may be exercised by the Administrator or by any officer or
agent appointed by him without the execution of any express
delegation of power or power of attorney. Nothing in this sec-
tion shall be construed to prevent the Administrator from delegat-
ing such power by order or by power of attorney, in his discretion,
to any officer or agent he may appoint;

"(5) acquire, in any lawful manner, any property (real, per- Acquisitions.
sonal, or mixed, tangible or intangible), whenever deemed neces-
sary or appropriate to the conduct of the activities authorized in
sections 7 (a) and 7 (b);

"(6) make such rules and regulations as he deems necessary to Rules and
regulations.
carry out the authority vested in him by or pursuant to this Act;

"(7) in addition to any powers, functions, privileges, and im- Actions.
Service of
attorneys, etc.
munities otherwise vested in him, take any and all actions, in-
cluding the procurement of the services of attorneys by contract,
determined by him to be necessary or desirable in making, servic-
ing, compromising, modifying, liquidating, or otherwise dealing
with or realizing on loans made under the provisions of this Act;

but no attorneys' services shall be procured by contract in any office where an attorney or attorneys are or can be economically employed full time to render such services;

Disaster
service.
Expenses.
63 Stat. 166.
5 USC 835 note.

"(8) pay the transportation expenses and per diem in lieu of subsistence expenses, in accordance with the Travel Expense Act of 1949, for travel of any person employed by the Administration to render temporary services not in excess of six months in connection with any disaster referred to in section 7 (b) from place of appointment to, and while at, the disaster area and any other temporary posts of duty and return upon completion of the assignment; and

Temporary ex-
perts or con-
sultants.

"(9) accept the services and facilities of Federal, State, and local agencies and groups, both public and private, and utilize such gratuitous services and facilities as may, from time to time, be necessary, to further the objectives of section 7 (b).

"(c) To such extent as he finds necessary to carry out the provisions of this Act, the Administrator is authorized to procure the temporary (not in excess of one year) or intermittent services of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such services shall be without regard to the civil-service and classification laws and, except in the case of stenographic reporting services by organizations, without regard to section 3709 of the Revised Statutes, as amended (41 U. S. C., sec. 5). Any individual so employed may be compensated at a rate not in excess of \$50 per diem, and, while such individual is away from his home or regular place of business, he may be allowed transportation and not to exceed \$15 per diem in lieu of subsistence and other expenses.

Fiscal pro-
visions.

"SEC. 6. (a) All moneys of the Administration not otherwise employed may be deposited with the Treasury of the United States subject to check by authority of the Administration. The Federal Reserve banks are authorized and directed to act as depositaries, custodians, and fiscal agents for the Administration in the general performance of its powers conferred by this Act. Any banks insured by the Federal Deposit Insurance Corporation, when designated by the Secretary of the Treasury, shall act as custodians and financial agents for the Administration. Each Federal Reserve bank, when designated by the Administrator as fiscal agent for the Administration, shall be entitled to be reimbursed for all expenses incurred as such fiscal agent.

Employees' com-
pensation fund.

"(b) The Administrator shall contribute to the employees' compensation fund, on the basis of annual billings as determined by the Secretary of Labor, for the benefit payments made from such fund on account of employees engaged in carrying out functions financed by the revolving fund established by section 4 (c) of this Act. The annual billings shall also include a statement of the fair portion of the cost of the administration of such fund, which shall be paid by the Administrator into the Treasury as miscellaneous receipts.

Loans.

"SEC. 7. (a) The Administration is empowered to make loans to enable small-business concerns to finance plant construction, conversion, or expansion, including the acquisition of land; or to finance the acquisition of equipment, facilities, machinery, supplies, or materials; or to supply such concerns with working capital to be used in the manufacture of articles, equipment, supplies, or materials for war, defense, or civilian production or as may be necessary to insure a well-balanced national economy; and such loans may be made or effected either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or

deferred basis. The foregoing powers shall be subject, however, to the following restrictions and limitations:

Restrictions
and limita-
tions.

"(1) No financial assistance shall be extended pursuant to this subsection unless the financial assistance applied for is not otherwise available on reasonable terms.

"(2) No immediate participation may be purchased unless it is shown that a deferred participation is not available; and no loan may be made unless it is shown that a participation is not available.

"(3) In agreements to participate in loans on a deferred basis under this subsection, such participation by the Administration shall not be in excess of 90 per centum of the balance of the loan outstanding at the time of disbursement.

"(4) Except as provided in paragraph (5), (A) no loan under this subsection shall be made if the total amount outstanding and committed (by participation or otherwise) to the borrower from the revolving fund established by this Act would exceed \$350,000; (B) the rate of interest for the Administration's share of any such loan shall be no more than 5½ per centum per annum; and (C) no such loan, including renewals or extensions thereof, may be made for a period or periods exceeding ten years except that a loan made for the purpose of constructing facilities may have a maturity of ten years plus such additional period as is estimated may be required to complete such construction.

"(5) In the case of any loan made under this subsection to a corporation formed and capitalized by a group of small-business concerns with resources provided by them for the purpose of obtaining for the use of such concerns raw materials, equipment, inventories, supplies or the benefits of research and development, or for establishing facilities for such purpose, (A) the limitation of \$350,000 prescribed in paragraph (4) shall not apply, but the limit of such loan shall be \$250,000 multiplied by the number of separate small businesses which formed and capitalized such corporation; (B) the rate of interest for the Administration's share of such loan shall be no less than 3 nor more than 5 per centum per annum; and (C) such loan, including renewals and extensions thereof, may not be made for a period or periods exceeding ten years except that if such loan is made for the purpose of constructing facilities it may have a maturity of twenty years plus such additional time as is required to complete such construction.

"(6) The Administrator is authorized to consult with representatives of small-business concerns with a view to encouraging the formation by such concerns of the corporation referred to in paragraph (5). No act or omission to act, if requested by the Administrator pursuant to this paragraph, and if found and approved by the Administration as contributing to the needs of small business, shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of the statement of any such finding and approval intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register. The authority granted in this paragraph shall be exercised only (A) by the Administrator, (B) upon the condition that the Administrator consult with the Attorney General and with the Chairman of the Federal Trade Commission, and (C) upon the condition that the Administrator obtain the approval of the Attorney General before exercising such authority. Upon withdrawal of any request or finding hereunder or upon withdrawal

38 Stat. 717.
15 USC 58.

by the Attorney General of his approval granted under the preceding sentence, the provisions of this paragraph shall not apply to any subsequent act or omission to act by reason of such finding or request.

"(7) All loans made under this subsection shall be of such sound value or so secured as reasonably to assure repayment.

"(b) The Administration also is empowered—

"(1) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate because of floods or other catastrophes; and

"(2) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate to any small-business concern located in an area affected by a drought or excessive rainfall, if the Administration determines that the small-business concern has suffered a substantial economic injury as a result of such drought or excessive rainfall and the President has determined under the Act entitled 'An Act to authorize Federal assistance to States and local governments in major disaster, and for other purposes', approved September 30, 1950, as amended (42 U. S. C., secs. 1855-1855g), that such drought or excessive rainfall is a major disaster, or the Secretary of Agriculture has found under the Act entitled 'An Act to abolish the Regional Agricultural Credit Corporation of Washington, District of Columbia, and transfer its functions to the Secretary of Agriculture, to authorize the Secretary of Agriculture to make disaster loans, and for other purposes', approved April 6, 1949, as amended (12 U. S. C., secs. 1148a-1-1148a-3), that such drought or excessive rainfall constitutes a production or economic disaster in such area.

No loan under this subsection, including renewals and extensions thereof, may be made for a period or periods exceeding twenty years. The interest rate on the Administration's share of any loan made under this subsection shall not exceed 3 per centum per annum. In agreements to participate in loans on a deferred basis under this subsection, such participation by the Administration shall not be in excess of 90 per centum of the balance of the loan outstanding at the time of disbursement.

"(c) The Administration may further extend the maturity of or renew any loan made pursuant to this section, or any loan transferred to the Administration pursuant to Reorganization Plan Numbered 1 of 1954, or Reorganization Plan Numbered 1 of 1957, for additional periods not to exceed ten years beyond the period stated therein, if such extension or renewal will aid in the orderly liquidation of such loan.

"SEC. 8. (a) It shall be the duty of the Administration and it is hereby empowered, whenever it determines such action is necessary—

"(1) to enter into contracts with the United States Government and any department, agency, or officer thereof having procurement powers obligating the Administration to furnish articles, equipment, supplies, or materials to the Government. In any case in which the Administration certifies to any officer of the Government having procurement powers that the Administration is competent to perform any specific Government procurement contract to be let by any such officer, such officer shall be authorized in his discretion to let such procurement contract to the Adminis-

Disaster
Loans.

64 Stat. 1109-
1111.

63 Stat. 43, 44.

Limitation.

Interest.

RFC loans.
Extension.

68 Stat. 1280;
71 Stat. 647.

Procurement
contracts.

tration upon such terms and conditions as may be agreed upon between the Administration and the procurement officer; and

"(2) to arrange for the performance of such contracts by negotiating or otherwise letting subcontracts to small-business concerns or others for the manufacture, supply, or assembly of such articles, equipment, supplies, or materials, or parts thereof, or servicing or processing in connection therewith, or such management services as may be necessary to enable the Administration to perform such contracts.

"(b) It shall also be the duty of the Administration and it is hereby empowered, whenever it determines such action is necessary—

Procurement
and property
disposal pow-
ers.

"(1) to provide technical and managerial aids to small-business concerns, by advising and counseling on matters in connection with Government procurement and property disposal and on policies, principles, and practices of good management, including but not limited to cost accounting, methods of financing, business insurance, accident control, wage incentives, and methods engineering, by cooperating and advising with voluntary business, professional, educational, and other nonprofit organizations, associations, and institutions and with other Federal and State agencies, by maintaining a clearinghouse for information concerning the managing, financing, and operation of small-business enterprises, by disseminating such information, and by such other activities as are deemed appropriate by the Administration;

"(2) to make a complete inventory of all productive facilities of small-business concerns or to arrange for such inventory to be made by any other governmental agency which has the facilities. In making any such inventory, the appropriate agencies in the several States may be requested to furnish an inventory of the productive facilities of small-business concerns in each respective State if such an inventory is available or in prospect;

Inventory.

"(3) to coordinate and to ascertain the means by which the productive capacity of small-business concerns can be most effectively utilized;

Utilization.

"(4) to consult and cooperate with officers of the Government having procurement or property disposal powers, in order to utilize the potential productive capacity of plants operated by small-business concerns;

"(5) to obtain information as to methods and practices which Government prime contractors utilize in letting subcontracts and to take action to encourage the letting of subcontracts by prime contractors to small-business concerns at prices and on conditions and terms which are fair and equitable;

Subcontracts.

"(6) to determine within any industry the concerns, firms, persons, corporations, partnerships, cooperatives, or other business enterprises which are to be designated 'small-business concerns' for the purpose of effectuating the provisions of this Act. To carry out this purpose the Administrator, when requested to do so, shall issue in response to each such request an appropriate certificate certifying an individual concern as a 'small-business concern' in accordance with the criteria expressed in this Act. Any such certificate shall be subject to revocation when the concern covered thereby ceases to be a 'small-business concern'. Offices of the Government having procurement or lending powers, or engaging in the disposal of Federal property or allocating materials or supplies, or promulgating regulations affecting the distribution of materials or supplies, shall accept as conclusive the Administration's determination as to which enterprises are to

"Small business
concern."

be designated 'small-business concerns', as authorized and directed under this paragraph;

Certification.

"(7) to certify to Government procurement officers, and officers engaged in the sale and disposal of Federal property, with respect to the competency, as to capacity and credit, of any small-business concern or group of such concerns to perform a specific Government contract. In any case in which a small-business concern or group of such concerns has been certified by or under the authority of the Administration to be a competent Government contractor with respect to capacity and credit as to a specific Government contract, the officers of the Government having procurement or property disposal powers are directed to accept such certification as conclusive, and are authorized to let such Government contract to such concern or group of concerns without requiring it to meet any other requirement with respect to capacity and credit;

Federal contract information.

"(8) to obtain from any Federal department, establishment, or agency engaged in procurement or in the financing of procurement or production such reports concerning the letting of contracts and subcontracts and the making of loans to business concerns as it may deem pertinent in carrying out its functions under this Act;

"(9) to obtain from any Federal department, establishment, or agency engaged in the disposal of Federal property such reports concerning the solicitation of bids, time of sale, or otherwise as it may deem pertinent in carrying out its functions under this Act;

"(10) to obtain from suppliers of materials information pertaining to the method of filling orders and the bases for allocating their supply, whenever it appears that any small business is unable to obtain materials from its normal sources;

Studies and recommendations.

"(11) to make studies and recommendations to the appropriate Federal agencies to insure that a fair proportion of the total purchases and contracts for property and services for the Government be placed with small-business enterprises, to insure that a fair proportion of Government contracts for research and development be placed with small-business concerns, to insure that a fair proportion of the total sales of Government property be made to small-business concerns, and to insure a fair and equitable share of materials, supplies, and equipment to small-business concerns;

"(12) to consult and cooperate with all Government agencies for the purpose of insuring that small-business concerns shall receive fair and reasonable treatment from such agencies; and

Advisory boards.

"(13) to establish such small business advisory boards and committees truly representative of small business as may be necessary to achieve the purposes of this Act.

"(c) The Administration shall from time to time make studies of matters materially affecting the competitive strength of small business, and of the effect on small business of Federal laws, programs, and regulations, and shall make recommendations to the appropriate Federal agency or agencies for the adjustment of such programs and regulations to the needs of small business.

Research and development.

"SEC. 9. (a) Research and development are major factors in the growth and progress of industry and the national economy. The expense of carrying on research and development programs is beyond the means of many small-business concerns, and such concerns are handicapped in obtaining the benefits of research and development programs conducted at Government expense. These small-business

concerns are thereby placed at a competitive disadvantage. This weakens the competitive free enterprise system and prevents the orderly development of the national economy. It is the policy of the Congress that assistance be given to small-business concerns to enable them to undertake and to obtain the benefits of research and development in order to maintain and strengthen the competitive free enterprise system and the national economy.

"(b) It shall be the duty of the Administration, and it is hereby empowered—

"(1) to assist small-business concerns to obtain Government contracts for research and development;

"(2) to assist small-business concerns to obtain the benefits of research and development performed under Government contracts or at Government expense; and

"(3) to provide technical assistance to small-business concerns to accomplish the purposes of this section.

"(c) The Administration is authorized to consult and cooperate with all Government agencies and to make studies and recommendations to such agencies, and such agencies are authorized and directed to cooperate with the Administration in order to carry out and to accomplish the purposes of this section. Studies and recommendations.

"(d) (1) The Administrator is authorized to consult with representatives of small-business concerns with a view to assisting and encouraging such firms to undertake joint programs for research and development carried out through such corporate or other mechanism as may be most appropriate for the purpose. Such joint programs may, among other things, include the following purposes: Joint programs.

"(A) to construct, acquire, or establish laboratories and other facilities for the conduct of research;

"(B) to undertake and utilize applied research;

"(C) to collect research information related to a particular industry and disseminate it to participating members;

"(D) to conduct applied research on a protected, proprietary, and contractual basis with member or nonmember firms, Government agencies, and others;

"(E) to prosecute applications for patents and render patent services for participating members; and

"(F) to negotiate and grant licenses under patents held under the joint program, and to establish corporations designed to exploit particular patents obtained by it.

"(2) The Administrator may, after consultation with the Attorney General and the Chairman of the Federal Trade Commission, and Agreements. Approval.

with the prior written approval of the Attorney General, approve any agreement between small-business firms providing for a joint program of research and development, if the Administrator finds that the joint program proposed will maintain and strengthen the free enterprise system and the economy of the Nation. The Administrator or the Attorney General may at any time withdraw his approval of the agreement and the joint program of research and development covered thereby, if he finds that the agreement or the joint program carried on under it is no longer in the best interests of the competitive free enterprise system and the economy of the Nation. A copy of the statement of any such finding and approval intended to be within the coverage of this subsection, and a copy of any modification or withdrawal of approval, shall be published in the Federal Register. Withdrawal.
The authority conferred by this subsection on the Administrator shall not be delegated by him. Publication in F.R.

"(3) No act or omission to act pursuant to and within the scope of any joint program for research and development, under an agree-

38 Stat. 717.
15 USC 58.

ment approved by the Administrator under this subsection, shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act. Upon publication in the Federal Register of the notice of withdrawal of his approval of the agreement granted under this subsection, either by the Administrator or by the Attorney General, the provisions of this subsection shall not apply to any subsequent act or omission to act by reason of such agreement or approval.

Semiannual
reports.

"Sec. 10. (a) The Administration shall make a report every six months of operations under this Act to the President, the President of the Senate, and the Speaker of the House of Representatives. Such report shall include the names of the business concerns to whom contracts are let and for whom financing is arranged by the Administration, together with the amounts involved, and such report shall include such other information and such comments and recommendations as the Administration may deem appropriate.

"(b) The Administration shall make a report to the President, the President of the Senate, and the Speaker of the House of Representatives, to the Senate Select Committee on Small Business, and to the House Select Committee To Conduct a Study and Investigation of the Problems of Small Business, on June 30 and December 31 of each year, showing as accurately as possible for each such period the amount of funds appropriated to it that it has expended in the conduct of each of its principal activities such as lending, procurement, contracting, and providing technical and managerial aids.

Dept. of Jus-
tice.
Reports.

"(c) The Attorney General is directed to make, or request the Federal Trade Commission to make for him, surveys for the purpose of determining any factors which may tend to eliminate competition, create or strengthen monopolies, injure small business, or otherwise promote undue concentration of economic power in the course of the administration of this Act. The Attorney General shall submit to the Congress and the President, at such times as he deems desirable, reports setting forth the results of such surveys and including such recommendations as he may deem desirable.

Defense Dept.
Reports.

"(d) For the purpose of aiding in carrying out the national policy to insure that a fair proportion of the total purchases and contracts for property and services for the Government be placed with small-business enterprises, and to maintain and strengthen the overall economy of the Nation, the Department of Defense shall make a monthly report to the President, the President of the Senate, and the Speaker of the House of Representatives not less than forty-five days after the close of the month, showing the amount of funds appropriated to the Department of Defense which have been expended, obligated, or contracted to be spent with small-business concerns and the amount of such funds expended, obligated, or contracted to be spent with firms other than small business in the same fields of operation; and such monthly reports shall show separately the funds expended, obligated, or contracted to be spent for basic and applied scientific research and development.

Records
retention.

"(e) The Administration shall retain all correspondence, records of inquiries, memoranda, reports, books, and records, including memoranda as to all investigations conducted by or for the Administration, for a period of at least one year from the date of each thereof, and shall at all times keep the same available for inspection and examination by the Senate Select Committee on Small Business and the House Select Committee To Conduct a Study and Investigation of the Problems of Small Business, or their duly authorized representatives.

Agency
cooperation.

"(f) To the extent deemed necessary by the Administrator to protect and preserve small-business interests, the Administration shall

consult and cooperate with other departments and agencies of the Federal Government in the formulation by the Administration of policies affecting small-business concerns. When requested by the Administrator, each department and agency of the Federal Government shall consult and cooperate with the Administration in the formulation by such department or agency of policies affecting small-business concerns, in order to insure that small-business interests will be recognized, protected, and preserved. This subsection shall not require any department or agency to consult or cooperate with the Administration in any case where the head of such department or agency determines that such consultation or cooperation would unduly delay action which must be taken by such department or agency to protect the national interest in an emergency.

"SEC. 11. (a) The President is authorized to consult with representatives of small-business concerns with a view to encouraging the making by such persons with the approval of the President of voluntary agreements and programs to further the objectives of this Act. Presidential authority.

"(b) No act or omission to act pursuant to this Act which occurs while this Act is in effect, if requested by the President pursuant to a voluntary agreement or program approved under subsection (a) of this section and found by the President to be in the public interest as contributing to the national defense, shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

"(c) The authority granted in subsection (b) of this section shall be delegated only (1) to an official who shall for the purpose of such delegation be required to be appointed by the President by and with the advice and consent of the Senate, (2) upon the condition that such official consult with the Attorney General and the Chairman of the Federal Trade Commission not less than ten days before making any request or finding thereunder, and (3) upon the condition that such official obtain the approval of the Attorney General to any request thereunder before making the request. Delegation of authority.

"(d) Upon withdrawal of any request or finding hereunder, or upon withdrawal by the Attorney General of his approval of the voluntary agreement or program on which the request or finding is based, the provisions of this section shall not apply to any subsequent act, or omission to act, by reason of such finding or request. Nonapplicability.

"SEC. 12. The President may transfer to the Administration any functions, powers, and duties of any department or agency which relate primarily to small-business problems. In connection with any such transfer, the President may provide for appropriate transfers of records, property, necessary personnel, and unexpended balances of appropriations and other funds available to the department or agency from which the transfer is made. Transfer of functions, etc.

"SEC. 13. No loan shall be made or equipment, facilities, or services furnished by the Administration under this Act to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Administration the names of any attorneys, agents, or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Administration for assistance of any sort, and the fees paid or to be paid to any such persons; (2) execute an agreement binding any such business enterprise for a period of two years after any assistance is Conditions for loans, etc.

rendered by the Administration to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent, or employee of the Administration occupying a position or engaging in activities which the Administration shall have determined involve discretion with respect to the granting of assistance under this Act; and (3) furnish the names of lending institutions to which such business enterprise has applied for loans together with dates, amounts, terms, and proof of refusal.

Charge for Gov-
ernment-owned
property.

"SEC. 14. To the fullest extent the Administration deems practicable, it shall make a fair charge for the use of Government-owned property and make and let contracts on a basis that will result in a recovery of the direct costs incurred by the Administration.

Determination
of awards or
contracts.

"SEC. 15. To effectuate the purposes of this Act, small-business concerns within the meaning of this Act shall receive any award or contract or any part thereof, and be awarded any contract for the sale of Government property, as to which it is determined by the Administration and the contracting procurement or disposal agency (1) to be in the interest of maintaining or mobilizing the Nation's full productive capacity, (2) to be in the interest of war or national defense programs, (3) to be in the interest of assuring that a fair proportion of the total purchases and contracts for property and services for the Government are placed with small-business concerns, or (4) to be in the interest of assuring that a fair proportion of the total sales of Government property be made to small-business concerns; but nothing contained in this Act shall be construed to change any preferences or priorities established by law with respect to the sale of electrical power or other property by the Government or any agency thereof. These determinations may be made for individual awards or contracts or for classes of awards or contracts. Whenever the Administration and the contracting procurement agency fail to agree, the matter shall be submitted for determination to the Secretary or the head of the appropriate department or agency by the Administrator.

Violations and
penalties.

"SEC. 16. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Administration, or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than two years, or both.

"(b) Whoever, being connected in any capacity with the Administration, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it, or (2) with intent to defraud the Administration or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Administration, makes any false entry in any book, report, or statement of or to the Administration, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (3) with intent to defraud participates or shares in or receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Administration, or (4) gives any unauthorized information concerning any future action or plan of the

Administration which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Administration, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

"SEC. 17. Any interest held by the Administration in property, as security for a loan, shall be subordinate to any lien on such property for taxes due on the property to a State, or political subdivision thereof, in any case where such lien would, under applicable State law, be superior to such interest if such interest were held by any party other than the United States. Liens.

"SEC. 18. The Administration shall not duplicate the work or activity of any other department or agency of the Federal Government and nothing contained in this Act shall be construed to authorize any such duplication unless such work or activity is expressly provided for in this Act. Duplication of activities.

"SEC. 19. If any provision of this Act, or the application thereof to any person or circumstances, is held invalid, the remainder of this Act, and the application of such provision to other persons or circumstances, shall not be affected thereby. Separability.

"SEC. 20. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this Act. Appropriation.

"SEC. 21. All laws and parts of laws inconsistent with this Act are hereby repealed to the extent of such inconsistency." Repeals.

SEC. 3. The fourth paragraph of section 24 of the Federal Reserve Act is amended (1) by striking out "or the Small Business Administration" and "or of the Small Business Act of 1953," and (2) by adding at the end thereof the following new sentence: "Loans in which the Small Business Administration cooperates through agreements to participate on an immediate or deferred basis under the Small Business Act shall not be subject to the restrictions or limitations of this section imposed upon loans secured by real estate." Real estate loans by National Banks.
38 Stat. 273.
12 USC 371.

SEC. 4. The Secretary of the Treasury is hereby authorized to further extend the maturity of or renew any loan transferred to the Secretary of the Treasury pursuant to Reorganization Plan Numbered 1 of 1957, for additional periods not to exceed ten years, if such extension or renewal will aid in the orderly liquidation of such loan. RFC loans.
71 Stat. 647.

Approved July 18, 1958.

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